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THE DOMESTIC ESTATES IN LIQUIDATION

Combined Financial Statements of the
Domestic Estates in Liquidation
- Modified Cash Basis

December 31, 2018 and 2017
With Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Superintendent of Financial Services of the State of New York as Receiver and the Management of the Domestic Estates in Liquidation managed by the New York Liquidation Bureau

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of the Domestic Estates in Liquidation managed by the New York Liquidation Bureau, which comprise the combined statements of assets, liabilities and deficit of assets over liabilities – modified cash basis as of December 31, 2018 and 2017, and the related combined statements of cash receipts and disbursements and changes in cash, cash equivalents and invested assets (unrestricted) – modified cash basis for each of the years then ended and the related notes to the combined financial statements – modified cash basis.

Management's Responsibility for the *Combined Domestic Estates Financial Statements*

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the combined financial position (modified cash basis) of the Domestic Estates in Liquidation managed by the New York Liquidation Bureau as of December 31, 2018 and 2017, and the related combined statements of cash receipts and disbursements and changes in cash, cash equivalents and invested assets (unrestricted) – modified cash basis for each of the years then ended, in accordance with the modified cash basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the combined financial statements, which describes the basis of accounting. The combined financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 2 to the combined financial statements, these combined financial statements were prepared on the modified cash basis of accounting. Given the nature of the liquidation process, Non-Allowed Claims are preliminary estimates established for claims that have not yet been allowed. As a result of these preliminary estimates, these liabilities may change materially during the course of the liquidation at the point at which they become allowed. The Combined Domestic Estates Financial Statements also do not reflect any provision for incurred but not reported claim reserves.

Restriction on Use

The report is intended solely for the information of and use of the Superintendent of Financial Services of the State of New York as Receiver, to whose jurisdiction the Company is subject, the New York Liquidation Bureau ("NYLB") and management of the Company and is not intended to be, and should not be, used by anyone other than these specified parties.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
July 29, 2019

THE DOMESTIC ESTATES IN LIQUIDATION
Combined Statements of Assets, Liabilities, and Deficit of Assets Over Liabilities – Modified Cash Basis
As of December 31,

	2018	2017
Combined Assets		
Unrestricted Assets:		
Cash and Cash Equivalents	$ 12,231,884	$ 20,349,064
Invested Assets:		
Bonds, at fair market value	688,013,503	671,856,641
Common Stocks, Unaffiliated at fair market value	-	163,411
Investment in Subsidiaries	388,865	544,446
Real Estate	-	386,206
Buildings	-	3,213,794
Total Invested Assets	688,402,368	676,164,498
Total Cash, Cash Equivalents and Invested Assets (Unrestricted)	700,634,252	696,513,562
Reinsurance Recoverables on Paid Losses and LAE	269,458,542	325,561,468
Less: Allowance for Uncollectible Reinsurance Recoverables	(264,043,911)	(319,656,896)
Net Reinsurance Recoverables on Paid Losses and LAE	5,414,631	5,904,572
Reinsurance Recoverables on Unpaid Losses and LAE	83,233,598	106,412,337
Less: Allowance for Uncollectible Reinsurance Recoverables	(71,176,201)	(90,704,176)
Net Reinsurance Recoverables on Unpaid Losses and LAE	12,057,397	15,708,161
Amounts Recoverable from Federal Reinsurance (Note 8)	51,736,709	51,736,709
Less: Reserve for Retrospective Premiums Receivable (Note 8)	(51,736,709)	(51,736,709)
Net Amount Recoverable from Federal Reinsurance	-	-
Accrued Retrospective Premiums Receivable-Risk Corridors (Note 8)	445,134,282	445,134,282
Less: Reserve for Retrospective Premiums Receivable (Note 8)	(445,134,282)	(445,134,282)
Net Accrued Retrospective Premiums Receivable	-	-
Receivables from Others	4,448,384	4,938,384
Accrued Investment Income	2,875,618	2,636,962
Other Assets	5,876,335	4,608,589
Total Unrestricted Assets	731,306,617	730,310,230
Restricted Assets:		
Statutory Deposits in New York or Other States	12,215,620	23,934,513
Other Restricted Assets	26,830,063	30,082,359
Total Restricted Assets	39,045,683	54,016,872
Total Combined Assets	$ 770,352,300	$ 784,327,102

See accompanying notes to the Combined Financial Statements of the Domestic Estates in Liquidation – Modified Cash Basis (as defined herein). The Combined Financial Statements of the Domestic Estates in Liquidation – Modified Cash Basis and accompanying notes are prepared solely for the use of the Receiver, the NYLB and Management (as defined herein).

THE DOMESTIC ESTATES IN LIQUIDATION
Combined Statements of Assets, Liabilities, and Deficit of Assets Over Liabilities – Modified Cash Basis (Continued)
As of December 31,

	2018	2017
Combined Liabilities		
Secured Claims	$ 14,417,094	$ 18,559,212
Unsecured Claims:		
Class One - Administrative Claims	8,798,067	7,056,860
Class Two - Claims and Related Costs		
Allowed	2,417,209,507	2,408,661,514
Non-Allowed	917,714,665	890,261,093
Total Class Two - Claims and Related Costs	3,334,924,172	3,298,922,607
Class Three - Federal Government Claims	244,104,567	243,987,150
Class Four - Employee Claims	10,641	10,647
Class Five - State and Local Government Claims	49,390,440	47,637,212
Class Six - General Creditor Claims	475,163,408	637,752,356
Class Seven - Late Filed Claims	309,790,948	320,475,137
Class Eight - Section 1307 (Shareholder) Loans	435,997,293	425,357,543
Class Nine - Shareholder Claims	180,130,166	126,216,066
Total Combined Liabilities	5,052,726,796	5,125,974,790
Other Post-Employment Benefits Liability	42,013,348	42,528,765
Deficit of Combined Liabilities over Combined Assets	(4,324,387,844)	(4,384,176,453)
Total Combined Liabilities and Deficit of Combined Assets over Combined Liabilities	$ 770,352,300	$ 784,327,102

See accompanying notes to the Combined Financial Statements of the Domestic Estates in Liquidation – Modified Cash Basis (as defined herein). The Combined Financial Statements of the Domestic Estates in Liquidation – Modified Cash Basis and accompanying notes are prepared solely for the use of the Receiver, the NYLB and Management (as defined herein).

THE DOMESTIC ESTATES IN LIQUIDATION
Combined Statements of Cash Receipts and Disbursements and Changes in Cash, Cash Equivalents and Invested Assets (Unrestricted) - Modified Cash Basis
For the Years Ended December 31, 2018 and 2017

	2018	2017
Combined Receipts:		
Net Investment Income Received	$ 12,246,188	$ 8,567,218
Reinsurance Recovered	12,040,422	23,511,777
Release from Statutory Deposits	3,874,555	5,600,584
Salvage and Subrogation Recoveries	2,187,546	1,753,416
Miscellaneous	914,229	2,788,016
Transfer from Segregated Accounts	193,611	955,206
Premiums Collected	7,582	11,783
Reimbursement from Central Disbursement Account	-	405,000
Total Combined Receipts	31,464,133	43,593,000
Combined Disbursements:		
Distributions	$ 17,429,362	$ 16,436,801
Salaries	6,249,452	6,738,883
Employee relations and Welfare	3,674,359	7,280,274
Rent and Related Expenses	2,865,434	3,327,172
Professional Fees	2,555,734	4,414,026
Miscellaneous	1,942,750	2,142,891
General and Administrative Expenses	1,351,982	753,785
Transfer to Segregated Account	772,273	128,845
Loss Adjustment Expense	381,727	81,480
Large Deductible	220,256	659,845
Salvage and Subrogation Fees	29,717	159,172
Total Combined Disbursements	37,473,046	42,123,174
(Combined Disbursements over Combined Receipts) /Combined Receipts over Combined Disbursements	(6,008,913)	1,469,826
Cash, Cash Equivalents and Invested Assets (Unrestricted), Beginning of Year	696,513,562	662,753,285
Opening Cash, Cash Equivalents and Invested Assets (Unrestricted), Balances of New Estates	10,193,532	35,715,693
Closed Estates - Cash	-	(267,253)
Realized Loss on Sale of Real Estate	(1,865,555)	-
Unrealized Gain (Loss) on Investments	1,801,626	(3,157,989)
Cash, Cash Equivalents and Invested Assets (Unrestricted), End of Year	$ 700,634,252	$ 696,513,562

See accompanying notes to the Combined Financial Statements of the Domestic Estates in Liquidation – Modified Cash Basis (as defined herein). The Combined Financial Statements of the Domestic Estates in Liquidation – Modified Cash Basis and accompanying notes are prepared solely for the use of the Receiver, the NYLB and Management (as defined herein).

Note 1: Nature of Operations of the Combined Domestic Estates in Liquidation

Background

The New York Liquidation Bureau ("NYLB" or the "Bureau") is the office that carries out the duties of the Superintendent of Financial Services of the State of New York ("Superintendent") in her capacity as receiver ("Receiver") of impaired or insolvent insurance companies ("Estates") under New York Insurance Law ("Insurance Law") Article 74. The NYLB reports to the Superintendent in her capacity as Receiver rather than in her capacity as regulator and head of the Department of Financial Services ("DFS"). The NYLB operates separately from the DFS. The Superintendent, as Receiver, has the authority under Insurance Law Section 7422 to make such appointments including the Special Deputy Superintendent ("Special Deputy") and other Agents, (collectively, "Agents"), as are necessary to carry out her functions as Receiver. The Agents, along with division directors and senior managers of the NYLB, are collectively referred to herein as "Management." Management carries out, through the NYLB, the responsibilities of the Receiver with regard to the Estates. The NYLB manages the daily operations of all Estates. References to the liquidator or rehabilitator throughout this document refer to the Superintendent as Receiver.

The Combined Domestic Estates Financial Statements (as defined in Note 2) as of December 31, 2018 and 2017 pertain to the financial statements for each domestic Estate in liquidation set forth below:

	2018	2017
American Medical and Life Insurance Company	X	X
Atlantic Mutual Insurance Company	X	X
Centennial Insurance Company	X	X
Cosmopolitan Mutual Insurance Company		X
Cuatro, LLC	X	
Drivers Insurance Company	X	X
Eveready Insurance Company	X	X
Fiduciary Insurance Company of America	X	X
First Central Insurance Company	X	X
Frontier Insurance Company	X	X
Group Council Mutual Insurance Company	X	X

Note 1: Nature of Operations of the Combined Domestic Estates in Liquidation
Background (continued)

	2018	2017
Health Republic Insurance of New York, Corp.	X	X*
ICM Insurance Company		X
Ideal Mutual Insurance Company	X	X
The Insurance Corporation of New York	X	X
Touchstone Health HMO, Inc.	X	
Midland Insurance Company	X	X
Professional Liability Insurance Company of America	X	X
Realm National Insurance Company	X	X
Union Indemnity Insurance Company of New York	X	X

The NYLB hereinafter refers to each of the foregoing Estates as a "Domestic Estate in Liquidation" and all of the Domestic Estates in Liquidation collectively, as the "Combined Domestic Estates in Liquidation."

*Health Republic Insurance of New York, Corp. ("HRINY"), was placed into liquidation on May 11, 2016 and was addressed as a stand alone financial statement and not originally included in the December 31, 2017 Combined Financial Statements, but is included in the December 31, 2018 Combined Financial Statements. The December 31, 2017 comparative data within the December 31, 2018 Combined Financial Statements has been revised to include the 2017 HRINY balances. Due to the complexity of the HRINY financial statements at the date of liquidation, Management presented the audited financial statements as a stand alone Estate for the years ended December 31, 2016 and 2017. In 2018, the level of activity and complexity reduced significantly, and therefore Management determined it was appropriate to include HRINY in the Combined Domestic Estates Financial Statements beginning with the year ended December 31, 2018.

The following Domestic Estates in Liquidation were placed into liquidation in 2018:

Cuatro LLC
Touchstone Health HMO, Inc.

The liquidation proceeding of the following Estate was terminated during the period ended December 31, 2018, however, activity and residual liabilities for the terminated Domestic Estate in Liquidation is included through the date of termination.

Drivers Insurance Company

Note 1: Nature of Operations of the Combined Domestic Estates in Liquidation Background (continued)

The financial statements for the following Estates are not included in the Combined Domestic Estates Financial Statements for the years ended December 31, 2018 and 2017: (i) Executive Life Insurance Company of New York which was placed into rehabilitation on April 23, 1991 and converted to a liquidation on August 8, 2013; (ii) fraternal associations; and (iii) ancillary Estates.

Profiles of Combined Domestic Estates In Liquidation Included in the Combined Domestic Estates Financial Statements for the Year Ended December 31, 2018 and 2017.

(1) American Medical and Life Insurance Company ("AMLI")
AMLI was placed into liquidation by order dated December 28, 2016 ("Liquidation Order") and the Superintendent was appointed Liquidator. A bar date of September 28, 2017, for the submission of all claims against AMLI or its insureds was established by the Liquidation Order.

(2) Atlantic Mutual Insurance Company ("AMIC")
AMIC was placed into rehabilitation on September 16, 2010. On April 27, 2011, the rehabilitation was converted to a liquidation and the Superintendent was appointed liquidator.

A bar date of December 15, 2013, was established for the submission of all claims against AMIC or its insureds, and January 16, 2015, was established as the last day to submit evidence in support of such claims.

(3) Centennial Insurance Company ("Centennial")
Centennial was placed into rehabilitation on September 16, 2010. On April 27, 2011, the rehabilitation was converted to a liquidation and the Superintendent was appointed liquidator.

A bar date of December 15, 2013, was established for the submission of all claims against Centennial or its insureds, and January 16, 2015, was established as the last day to submit evidence in support of such claims.

(4) Cosmopolitan Mutual Insurance Company ("Cosmopolitan")
The Cosmopolitan liquidation proceeding was closed by Court Order on November 2, 2017.

Note 1: Nature of Operations of the Combined Domestic Estates in Liquidation Background (continued)

Profiles of Combined Domestic Estates In Liquidation (continued)

(5) Cuatro LLC ("Cuatro")

Cuatro was incorporated in the State of New York on or about March 23, 2009, and obtained a Certificate of Authority, effective May 4, 2010, from the New York State Department of Health to operate as a "Medicare Only" health maintenance organization in the counties of Bronx, New York and Queens, New York providing Medicare Advantage Part D prescription drug coverage to Medicare beneficiaries through a network of hospitals and healthcare providers pursuant to Article 44 of the New York Public Health Law. Cuatro was placed into Liquidation by Court Order dated August 6, 2018.

A bar date of February 2, 2019, was established for the submission of all claims against Cuatro or its insureds.

(6) Drivers Insurance Company ("Drivers")

The Drivers liquidation proceeding was closed on November 14, 2018.

(7) Eveready Insurance Company ("Eveready")

Eveready was placed into liquidation on January 29, 2015 and the Superintendent was appointed liquidator.

A bar date of January 29, 2016, was established for the submission of all claims against Eveready or its insureds.

(8) Fiduciary Insurance Company of America ("FIC")

FIC was placed into liquidation by order dated July 25, 2017 and the Superintendent was appointed liquidator.

A bar date of September 24, 2018, for the submission of claims against FIC was established by the liquidation order.

(9) First Central Insurance Company ("FCIC")

FCIC was placed into rehabilitation on January 28, 1998. On April 27, 1998, the rehabilitation was converted to a liquidation and the Superintendent was appointed liquidator.

A bar date of April 30, 2013, was established for the submission of all claims against FCIC or its insureds.

Note 1: <u>Nature of Operations of the Combined Domestic Estates in Liquidation Background</u> (continued)

<u>Profiles of Combined Domestic Estates In Liquidation</u> (continued)

(10) <u>Frontier Insurance Company ("Frontier")</u>
Frontier was placed into rehabilitation on October 15, 2001. On November 16, 2012, the rehabilitation was converted to a liquidation and the Superintendent was appointed liquidator.

In liquidation, a bar date of December 31, 2013, was established for the submission of all claims against Frontier or its insureds, and December 31, 2014 was established as the last date for the submission of evidence in support of such claims.

(11) <u>Group Council Mutual Insurance Company ("Group Council")</u>
On March 19, 2002, Group Council was placed into liquidation and the Superintendent was appointed liquidator.

A bar date of August 31, 2013, was established for the submission of all claims against Group Council or its insureds.

(12) <u>Health Republic Insurance of New York, Corp. ("HRINY")</u>
In 2016 and 2017, HRINY financial statements were presented as a separate Estate in liquidation. In 2018, HRINY is included in the Combined Domestic Estates Financial Statements.

HRINY was incorporated as a nonprofit corporation under the laws of the State of New York and subject to regulation by DFS, as an Article 43 non-profit health insurer. HRINY was incorporated on October 4, 2011, in order to apply for funding as a Consumer Operated and Oriented Plan ("CO-OP") under Section 1322 of the Affordable Care Act ("ACA").

The New York Supreme Court placed HRINY into liquidation and the Superintendent was appointed as liquidator on May 11, 2016.

Paragraph 19 of the order of liquidation states:

"With respect to all claims other than the Policy Claims referenced in paragraph 18, the deadline set forth in Section 7432(b) of the New York Insurance Law for all persons who have claims against HRINY to present such claims to the Liquidator shall be deferred until further order of the Court. The Liquidator is authorized in her discretion to refrain from adjudicating claims other than Administrative Expenses and Policy Claims."

Note 1: Nature of Operations of the Combined Domestic Estates in Liquidation Background (continued)

Profiles of Combined Domestic Estates In Liquidation (continued)

(12) Health Republic Insurance of New York, Corp. ("HRINY") (continued)

In compliance with the order, the NYLB has deferred the adjudication of creditor claims below Class Two, but has included in the Combined Domestic Estates Financial Statements liabilities that were present on the HRINY balance sheets at the date of liquidation and has reported them in their respective Creditor Classes in the Combined Domestic Estates Financial Statements. Management is not able to estimate the number or dollar amount of claims the submission of which has been deferred.

(13) ICM Insurance Company ("ICM")

The liquidation proceeding was closed by Court Order entered on December 22, 2017.

(14) Ideal Mutual Insurance Company ("Ideal")

Ideal was placed into rehabilitation on December 26, 1984. On February 7, 1985, the rehabilitation was converted to a liquidation and the Superintendent was appointed liquidator.

A bar date of December 31, 2003, was established for the submission of all claims against Ideal or its insureds.

(15) Midland Insurance Company ("Midland")

On April 3, 1986, Midland was placed into liquidation and the Superintendent was appointed liquidator.

On July 1, 2011, the Midland Receivership Court entered an order ("Bar Date Order"), which established January 31, 2012, as the last date on which the holder of a claim against Midland, except the Guaranty Funds of foreign (i.e., states other than New York) Guaranty Funds, may submit to the Liquidator an amendment to a previously filed or deemed filed) proof of claim, including a policyholder protection proof of claim, and established January 31, 2013, as the last date on which the holder of a claim against Midland, except Guaranty Funds, may submit to the Liquidator proof in support of allowance of a previously filed (or deemed filed) claim against Midland. On April 30, 2015, an order (April 2015 Order) was entered establishing December 31, 2015, as the date by which all undetermined POC ("Proof of Claim") Claimants, as defined in the April 2015 Order, may submit to the Liquidator a Claim Amendment, as defined in the Bar Date Order, that was capable of having been submitted by the January 31, 2012 deadline established in the Bar Date Order, and any proof in support of the allowance of the claim of that was capable of having been submitted by the January 31, 2013 deadline established in the Bar Date Order.

Note 1: Nature of Operations of the Combined Domestic Estates in Liquidation Background (continued)

Profiles of Combined Domestic Estates In Liquidation (continued

(16) Professional Liability Insurance Company of America ("PLICA")

PLICA was placed into rehabilitation on April 30, 2010. On February 10, 2014, the rehabilitation proceeding was converted to a liquidation and the Superintendent was appointed liquidator.

A bar date of June 30, 2017, was established for the submission of all claims against PLICA and its insureds, including claims reportable under any extended reporting period endorsements of policies issued by PLICA.

(17) Realm National Insurance Company ("Realm")

On June 15, 2005, Realm was placed into liquidation and the Superintendent was appointed liquidator.

A bar date of January 31, 2014, was established for the submission of all claims against Realm or its insureds.

The Realm liquidation proceeding was closed by Court Order on January 23, 2019.

(18) The Insurance Corporation of New York ("INSCORP")

INSCORP was placed into rehabilitation on June 30, 2009. On March 10, 2010, the rehabilitation was converted to a liquidation and the Superintendent was appointed liquidator.

A bar date of December 31, 2012, was established for the submission of all claims against INSCORP or its insureds.

(19) Touchstone Health HMO, Inc. ("Touchstone")

Touchstone Health HMO, Inc. ("Touchstone") was incorporated in the State of New York on or about May 30, 2006, and obtained a license, effective September 2, 2007, from the New York State Department of Health to operate as a "Medicare Only" health maintenance organization in the counties of Bronx, Kings, Orange, Queens, Richmond and Westchester, New York.

Touchstone offered plans providing Medicare Advantage and Medicare Advantage Part D prescription drug coverage and healthcare services to Medicare beneficiaries through a network of medical services providers pursuant to Article 44 of the New York Public Health Law. Touchstone was licensed to conduct the business of insurance only in the State of New York. Touchstone was placed into liquidation by Court Order dated May 11, 2018, and the Superintendent was appointed as liquidator.

Note 1: <u>Nature of Operations of the Combined Domestic Estates in Liquidation Background</u> (continued)

<u>Profiles of Combined Domestic Estates In Liquidation</u> (continued)

(19) <u>Touchstone Health HMO, Inc. ("Touchstone")</u> (continued)
A bar date of November 13, 2018, was established for the submission of all claims against Touchstone or its insureds.

(20) <u>Union Indemnity Insurance Company of New York ("Union")</u>
On July 16, 1985, Union was placed into liquidation and the Superintendent was appointed liquidator.

A bar date of July 19, 2010, was established for the submission of all claims against Union or its insureds.

<u>NYLB's Role With Respect to the New York Security Funds</u>
The NYLB's expenses are paid from the assets of the Estates under receivership, as well as reimbursements from the New York Property/Casualty Insurance Security Fund ("P/C Fund") and the Public Motor Vehicle Liability Security Fund ("PMV Fund"), established under Insurance Law Article 76, and the Workers' Compensation Security Fund ("WC Fund"), established under New York Workers' Compensation Law Article 6-A (collectively, the "Security Funds"), which are funded from assessments on insurance companies in the industry with premiums written in the State of New York. The NYLB performs claims-handling and certain payment functions relating to the Security Funds. The Security Funds are used to pay eligible claims remaining unpaid by reason of an insolvent insurer's inability to meet its obligations to policyholders. To the extent that the Security Funds pay eligible claims of an Estate, the Security Funds become creditors of the Estate.

<u>Guaranty Funds of Other States</u>
Other States and jurisdictions have established guaranty funds to pay the claims of insolvent insurance companies pursuant to their respective state laws. These Guaranty Funds may be creditors of the Estates in liquidation. To the extent that the Guaranty Funds pay eligible claims of an Estate, the Guaranty Funds become creditors of the Estates.

Note 2: Summary of Significant Accounting Policies Basis of Presentation

The Combined Statements of Assets, Liabilities, and Deficit of Assets Over Liabilities – Modified Cash Basis and Combined Statements of Cash Receipts and Disbursements and Changes in Cash, Cash Equivalents and Invested Assets (Unrestricted) – Modified Cash Basis (collectively, “Combined Financial Statements of the Domestic Estates in Liquidation – Modified Cash Basis”) reflect the combined financial position and combined cash receipts and disbursements of the Combined Domestic Estates in Liquidation. The Combined Domestic Estates Financial Statements have been prepared on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (“U.S. GAAP”). This modified cash basis presentation differs from U.S. GAAP in that the gains or losses on invested assets are reported on the combined statements of cash receipts and disbursements, revenues are recognized when received, rather than when earned, and certain expenses are recognized when paid, rather than when the obligation is incurred. This modified cash basis presentation is cash basis accounting that incorporates the following accruals: (i) investment income earned but not yet received; (ii) post-employment benefits; (iii) unpaid claims and related expenses; (iv) reinsurance; (v) other administrative expenses defined as Class One – Administrative Expenses and presented on a U.S. GAAP equity basis; and (vi) unrealized gains and losses on investments.

The Combined Domestic Estates Financial Statements do not include direct incurred but not reported reserves, and investments in subsidiaries are not consolidated and presented on a U.S. GAAP equity basis.

The following Supplementary Schedules are attached hereto as Appendix A:

- December 31, 2018 and 2017:

  The Domestic Estates in Liquidation Combining Schedules of the Estates’ Assets, Liabilities, and (Deficit) Surplus of Assets Over Liabilities

  Cash Receipts and Disbursements and Changes in Cash, Cash Equivalents and Invested Assets (Unrestricted) – Modified Cash Basis

In the beginning of a liquidation proceeding, the liabilities are typically preliminary estimates that may change materially during the course of the liquidation, depending on the types of business that were written by the insurance company and the complexity of the insurance company’s activities and organization.

Note 2: <u>Summary of Significant Accounting Policies</u> <u>Basis of Presentation</u> (continued)

Preparation of the Combined Domestic Estates Financial Statements requires Management to make estimates and assumptions that may affect the amounts reported herein and related accompanying notes. When these amounts are ultimately determined (*i.e.*, no longer require the use of estimates and assumptions to be calculated), the determined amounts may differ significantly from the amounts reported herein.

<u>Combined Assets:</u>

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents are presented at cost, which approximates fair market value, and include cash and investments held at financial institutions. These investments include money market funds and other highly liquid investments with remaining maturities of one year or less.

The NYLB maintains the cash balances of the Combined Domestic Estates in Liquidation in investments and at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). These institutions currently have short-term ratings of P-1 (Moody's), A-2 (S&P) and F1+ (Fitch) for JP Morgan Chase, and P-1 (Moody's), A-1+ (S&P) and F1+ (Fitch) for Bank of New York Mellon. As of December 31, 2018 and 2017, the FDIC insured accounts up to $250,000 at the above named institutions. Management monitors balances of cash in excess of insured limits and believes that such balances do not represent a material credit risk to the Combined Domestic Estates in Liquidation.

<u>Bonds</u>

Bonds include short-term and long-term U.S. Treasury and agency securities that are generally held until maturity, some of which may be subject to demand features. These investments are recorded at estimated fair market value based on quoted market prices. The unrealized gains or losses on these securities are recorded in the Combined Statements of Cash Receipts and Disbursements and Changes in Cash, Cash Equivalents and Invested Assets (Unrestricted) – Modified Cash Basis. (See Note 3).

<u>Common Stocks, Unaffiliated</u>

Equity securities include common stocks and are carried at market value with the related unrealized gains or losses shown in the Combined Statements of Cash Receipts and Disbursements and Changes in Cash, Cash Equivalents and Invested Assets (Unrestricted) - Modified Cash Basis.

Note 2: Summary of Significant Accounting Policies (continued)

Combined Assets (continued)

Investment in Subsidiaries
Investments in Subsidiaries represent ownership interests in wholly-owned subsidiaries carried at fair market value based on underlying audited equity, with unrealized gains or losses shown in the Combined Statements of Cash Receipts and Disbursements and Changes in Cash, Cash Equivalents, and Invested Assets (Unrestricted) – Modified Cash Basis.

As of December 31, 2018 and 2017, the Combined Domestic Estates in Liquidation had Investments in Subsidiaries with an estimated fair value as follows:

	2018	2017
AMIC's Investments in Subsidiaries	$ 388,865	$ 544,446
Total Investments in Subsidiaries	$ 388,865	$ 544,446

The AMIC Estate had a directly wholly-owned insurance subsidiary, Atlantic Mutual International Limited ("AMIL"), which is an insurance company domiciled in the United Kingdom. AMIL's plan to transfer its assets and liabilities to Bothnia International Insurance Company Limited was approved by The Business & Property Courts of England and Wales on May 8, 2018. On May 21, 2018 approximately GB£1,637,253 or $2,209,013 was transferred to Bothnia International Insurance Company Limited. On November 28, 2018, the Prudential Regulation Authority ("PRA") granted the voluntary de-authorization of AMIL. (See Note 17 Subsequent Events).

Real Estate and Buildings
Real Estate and buildings represent property and land acquired by individual Estates prior to liquidation or acquired through satisfaction of debt. The Real Estate is carried at estimated fair value based on a contract for sale with the unrealized gains or losses shown in the Combined Statements of Cash Receipts and Disbursements and Changes in Cash, Cash Equivalents and Invested Assets (Unrestricted) - Modified Cash Basis. (See Note 5)

Reinsurance
Reinsurance recoverables on paid or allowed losses and loss adjustment expenses ("LAE") are reported as an asset when billed to reinsurers. Reinsurance recoverables on unpaid and non-allowed losses and LAE case reserves are reported as an asset when the reserve is set. These unpaid losses and LAE case reserves reflect Management's best estimates and therefore related reinsurance recoverables are subject to adjustment. Provision is made for uncollectible reinsurance as explained in Note 6.

Note 2: Summary of Significant Accounting Policies (continued)

Combined Assets (continued)

HRINY Receivable from Federal Reinsurance Program

HRINY participated in the ACA's temporary Federal Reinsurance Program, which was created to reduce the incentive for insurers to charge higher premiums due to new market reforms that guaranteed health insurance coverage regardless of health status. Under this Program, eligible health insurers, like HRINY, received reinsurance payments for high-cost enrollees when the plan's cost for that enrollee exceeded $45,000. The maximum reimbursement of the reinsurance cap for all three benefit years was $250,000. The coinsurance rate, the percentage of costs above the $45,000 attachment point and below the $250,000 reinsurance cap that were reimbursed through this Program was set at 80% for benefit year 2014 and 50% for benefit years 2015 and 2016. In preparing the Combined Domestic Estates Financial Statements, Management made estimates of amounts recoverable under the Federal Reinsurance Program. Federal Reinsurance is discussed further in Note 8.

HRINY Accrued Retrospective Premiums Receivable – Risk Corridors Program

HRINY participated in the ACA's temporary Risk Corridors Program, which was created to promote accurate premiums in the early years of the exchanges by discouraging insurers from setting premiums high in response to uncertainty about enrollment and costs. Premium adjustments pursuant to the Risk Corridors Program are accounted for as premium adjustments for retrospectively rated contracts. Management has established a reserve for the accrued retrospective premiums receivable which represents Management's best estimate of recovery. Management believes its estimates are reasonable and adequate and reviews and adjusts them as necessary.

Accrued retrospective premiums receivable – Risk Corridor is discussed further in Note 8.

Receivables from Others

Receivables from Others include: (i) cash deposited in the central disbursement account ("CDA") for administrative expenses, (ii) retainer fees with third-party administrators and consultants and (iii) Receivable from Affiliates.

As of December 31, 2018 and 2017, the Receivables from Others are as follows:

	2018	2017
Receivable From Affiliates	$ 198,384	$ 198,384
Cash on Deposit with CDA	4,250,000	4,740,000
Total	$ 4,448,384	$ 4,938,384

The CDA is discussed in further detail in Note 12.

Note 2: Summary of Significant Accounting Policies (continued)

Combined Assets (continued)

Accrued Investment Income
Accrued Investment Income includes revenue from the investment portfolio that is earned but not yet received and is reported as accrued investment income in the Combined Statements of Assets, Liabilities, and Deficit of Assets Over Liabilities – Modified Cash Basis. The change in accrued investment income is recorded in net investment income received.

Other Assets
Other Assets includes (i) refunds on Federal and State tax returns, (ii) advances to third-party administrators, (iii) pharmacy receivables and (iv) receivables from CMS.

As of December 31, 2018 and 2017, Other Assets by Estates are as follows:

Estate	2018	2017
Cuatro	$ 2,214,608	$ -
Atlantic Mutual	1,194,676	1,171,887
Fiduciary	609,488	843,282
Centennial	608,310	608,310
Health Republic	474,592	1,119,470
INSCORP	464,000	464,000
Realm	160,956	160,956
Frontier	130,325	221,304
American Medical	19,380	19,380
Total	$ 5,876,335	$ 4,608,589

Restricted Assets

Statutory Deposits in New York or Other States
Statutory Deposits in New York or Other States are monies held by various state regulatory authorities in compliance with the insurance laws of the respective states and recorded at fair market value.

The sale of securities may be restricted pursuant to insolvency deposit requirements in states where one or more of the Domestic Estates in Liquidation previously conducted business. Due to their restrictive nature, these investments are classified as Restricted Assets and recorded at fair market value without regard to contractual maturity.

Note 2: Summary of Significant Accounting Policies (continued)

Restricted Assets (continued)

Other Restricted Assets

Security Fund Cash:
Security Fund Cash consists of dedicated monies received from the Security Funds solely to pay specific policy-related claims and expenses.

Funds Held for Secured Claims:
These funds are held for claims secured by letter of credit ("LOC") or other collateral securities, but do not include special deposit claims or claims against general assets.

Other Assets:
Restricted Assets are held to meet specific obligations, such as the payment of dividends and Second Injury Fund Claims, and the transfer of funds to the New York State Comptroller's office of Unclaimed Funds.

As of December 31, 2018, the details of the Restricted Assets for each Domestic Estate in Liquidation are set forth in the table below (Estates without restricted assets are excluded):

		Restricted Assets			
Domestic Estate in Liquidation	**Statutory Deposits**	**Security Fund Cash**	**Funds Held for Secured Claims**	**Other Assets**	**Total**
AMIC	$ 6,755,656	$ -	$ 14,525,544	$ 688,613	$ 21,969,863
AMLIA	274,070	-	-	-	274,070
Centennial	3,649,896	-	773,359	229,538	4,652,793
Cuatro	-	-	-	25,357	25,357
Frontier	1,432,583	-	1,712,215	-	3,144,798
Ideal	-	-	2,147,651	361,397	2,509,048
Inscorp	103,415	-	688,991	967,581	1,759,987
Midland	-	250	622,259	431,009	1,053,518
Union	-	-	3,570,211	86,088	3,656,299
Total	$ 12,215,620	$ 250	$ 24,040,230	$ 2,789,583	$ 39,045,683

Note 2: Summary of Significant Accounting Policies (continued)

Restricted Assets (continued)

As of December 31, 2017, the details of the Restricted Assets for each Domestic Estate in Liquidation are set forth in the table below (Estates without restricted assets are excluded):

		Restricted Assets			
Domestic Estate in Liquidation	Statutory Deposits	Security Fund Cash	Funds Held for Secured Claims	Other Assets	Total
AMIC	$ 6,724,502	$ -	$ 14,420,721	$ 688,613	$ 21,833,836
AMLI	384,183	-	-	-	384,183
Centennial	3,731,386	-	780,338	229,538	4,741,262
Cosmopolitan	-	-	-	31,832	31,832
First Central	-	-	-	7,740	7,740
Frontier	11,405,376	-	1,709,640	7,547	13,122,563
Ideal	-	-	2,571,122	361,397	2,932,519
Inscorp	231,290	-	601,936	967,581	1,800,807
Midland	-	250	1,093,796	431,009	1,525,055
PLICA	1,252,776	-	-	-	1,252,776
Realm	205,000	-	-	-	205,000
Union	-	-	5,637,564	541,735	6,179,299
Total	$ 23,934,513	$ 250	$ 26,815,117	$3,266,992	$ 54,016,872

Combined Liabilities:

Secured Claims
Secured Claims, if present, relate to any claim secured by an LOC or other collateral security, but does not include special deposit claims or claims against general assets. Secured claims also include claims which have become liens upon specific assets by reason of judicial process more than four months prior to the commencement of delinquency proceedings. As of December 31, 2018 and 2017, Secured Claims totaled $14,417,094 and $18,559,212, respectively.

Unsecured Claims
Unsecured Claims are prioritized by class of creditor in the distribution of assets scheme set forth in Insurance Law Section 7434 for property/casualty insurers and Section 7435 for life insurance companies.

Note 2: Summary of Significant Accounting Policies (continued)

Combined Liabilities (continued)

Unsecured Claims (continued)

Under Insurance Law Section 7434, a claim under a policy is afforded a Class Two priority in the distribution of Estate assets. No payment of claims below Class Two claims can be made until all Class Two claims are paid in full. Classes Three through Nine are evaluated and paid if sufficient assets remain after the payment of Class Two claims.

(i) Class One – Administrative Claims
Claims with respect to the actual and necessary expenses of administration incurred by the liquidator.

(ii) Class Two – Policyholder Claims
All claims under policies, including claims of federal, state or local government for losses incurred, third party claims, claims for unearned premiums, and all claims of security funds or guaranty associations, but excluding claims under reinsurance contracts. The NYLB further classifies Class Two claims as either Allowed Claims or Non-Allowed Claims.

Allowed Claims
Allowed Claims under Insurance Law 7602(g) are claims that have been approved by the Receivership Court, or the Superintendent. The liability carried is net of distributions, if any, that may have been paid as early access or dividends from the Domestic Estate.

Non-Allowed Claims
Non-Allowed Claims, are preliminary estimates established for claims that have not yet been allowed. Non-Allowed Claims consist of Established Reserves and or Reserves for Amounts Claimed which are amounts that have been determined by Management to be reasonable estimates of claims for incurred covered losses and associated LAE not yet allowed.

Management reviews the individual claim reserves that were established by the company prior to receivership and may in its discretion accept the reserves or may make adjustments based on the following factors: applicable contracts; comparative liability; injuries and causal relationship; past and future pain and suffering; physical damage estimates; time on the line for exposure to toxin(s); venue; and verdict values.

Note 2: Summary of Significant Accounting Policies (continued)

Combined Liabilities (continued)

(ii) Class Two – Policyholder Claims (continued)

Although considerable variability is inherent in such estimates, Management believes that the Established Reserves for claims for incurred covered losses and associated LAE are reasonable.

The liabilities for creditor claims which have neither been established by the NYLB nor allowed by the Receivership Court are carried as non-allowed claimed amounts. Therefore, reserves for non-allowed claimed amount may be overstated.

LAE is included in Reserves and is allocated to a Domestic Estate as either direct or indirect LAE. Direct LAE are expenses related to a specific claim and charged to the appropriate Domestic Estate. Examples of Direct LAE include attorney's fees, bill review, investigator and surveillance charges, expert fees and court reporters fees. Indirect LAE are those expenses that are allocated proportionally among the Domestic Estates, such as rent, utilities and other overhead costs.

The Established Reserves are reviewed and adjusted as necessary, as experience develops or new information becomes known.

(iii) Class Three – Federal Government Claims
Claims of the federal government, except those stated above in Class Two.

(iv) Class Four – Employee Claims
Claims for wages owing to employees of an insurer against whom an Article 74 proceeding is commenced and claims for unemployment insurance contributions required by Article 18 of the New York Labor Law.

(v) Class Five – State and Local Government Claims
Claims of state and local governments, except those stated above in Class Two.

(vi) Class Six – General Creditor Claims
Claims of general creditors, including, but not limited to, claims arising under reinsurance contracts.

Note 2: Summary of Significant Accounting Policies (continued)

Combined Liabilities (continued)

Unsecured Claims (continued)

(vii) Class Seven – Late Filed Claims
Claims filed late or any other claims other than claims stated in Class Eight or Class Nine below.

(viii) Class Eight – Section 1307 (Shareholder) Loans
Claims for advanced or borrowed funds made pursuant to Insurance Law Section 1307.

(ix) Class Nine – Shareholder Claims
Claims of shareholders or other owners in their capacity as shareholders.

Insurance Law Section 7435

The list of creditor classes in order of priority as set forth by Insurance Law Section 7435 is as follows:

(i) Class One – Administrative Claims
Claims with respect to the actual and necessary expenses of administration incurred by the Receiver.

(ii) Class Two – Employee Claims
Debts due to employees for services performed to the extent that they do not exceed $1,250 and represent payment for services performed within one year before the commencement of a proceeding under Article 74.

(iii) Class Three – Vendor Claims
All claims for payment for goods furnished or services rendered to the impaired or insolvent insurer in the ordinary course of business within ninety days prior to the date on which the insurer was determined to be impaired or insolvent.

(iv) Class Four – Policy and Annuity Contracted Related Claims
All claims under insurance policies, annuity contracts and funding agreements, and all claims of The Life Insurance Company Guaranty Corporation of New York or any other guaranty corporation or association of this state or another jurisdiction, other than Class One claims and claims for interest.

(v) Class Five – Federal, State and Local Government Claims
Claims of the federal or any state or local government.

Note 2: Summary of Significant Accounting Policies (continued)

Combined Liabilities (continued)

Unsecured Claims (continued)

Insurance Law Section 7435 (continued)

(vi) Class Six – General Creditor Claims
Claims of the federal government, except those stated above in Class Two.

(vii) Class Seven – Surplus, Capital or Contribution Notes
Surplus, capital and contribution notes, or similar obligations.

(viii) Class Eight – Policyholder, Shareholder Claims
The claims of (i) policyholders, other than claims under paragraph four of this subsection, and (ii) shareholders or other owners.

American Medical and Life Insurance Company ("AMLI")

In December 2018, the Supreme Court of the State of New York approved a procedure for judicial review of the Liquidator's adjudication and classification of claims ("Adjudication Procedure") under Insurance Law Section 7435.

In the 2018 financial statements of the Combined Domestic Estates, AMLI's classes of liabilities are presented under Insurance Law 7434. The difference between Section 7434 and Section 7435 is not considered significant for purposes of the combined financial statements. In the event that an issue arises in the distribution of AMLI's assets under Section 7435, the Liquidator will refer the matter to the Receivership Court.

Distribution of Assets

Distributions of Estate assets are made in a manner that assures the proper recognition of priorities and a reasonable balance between the expeditious completion of the liquidation and the protection of non-adjudicated claims. The priority of distribution of assets for property/casualty and health companies is in accordance with Insurance Law Section 7434 for Property/Casualty and Health companies and Section 7435 for life insurance companies. No sub-classes are established within any class and no equitable remedy may be used to avoid the priority of distribution of claims as set forth in Insurance Law Sections 7434 or 7435.

Allocation of Expenses

The NYLB allocates general and administrative expenses, such as salaries, payroll taxes, rent and related expenses, office expenses and employee relations and welfare (*e.g.*, contributions to employee health insurance, pension plans and other fringe benefits), among the Domestic Estates in Liquidation, Security Funds, ancillary Estates, conservations and fraternal associations. Reimbursement of such expenses is generally based on the amount of time NYLB employees allocate to the respective Domestic Estates in Liquidation and Security Funds.

Note 3: Investments

Investment income received includes interest income received from cash deposits, interest on bonds and short-term investments, dividends, realized gains or losses on sale of investments, and the amortization of bond premium and discount.

Realized gains and losses on investments sold are computed using the specific identification method, wherein gains and losses are recognized as of the settlement date, included in proceeds from investments and presented in net investment income received.

The components of net investment income received for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Interest on Bonds	$ 12,221,508	$ 9,543,599
Interest on Short-Term Investments and Cash Equivalents	89,519	39,780
Realized Gain/(Loss) on Sale of Investments	(179,984)	104,982
Dividends	-	162,413
Unrealized loss on Partnerships	-	(368)
Dissolution of affiliate	-	-
Total Gross Investment Income	12,131,043	9,850,406
Net Amortization of Bond Premium and Discount	115,145	(1,283,188)
Net Investment Income Received	$ 12,246,188	$ 8,567,218

Note 3: Investments (continued)

As of December 31, 2018 and December 31, 2017, respectively, the cost or amortized cost and fair market value of bonds, for each Domestic Estate in Liquidation are as follows (Estates with no bonds are excluded):

Domestic Estates in Liquidation	December 31, 2018 Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
AMIC	$ 76,547,423	$ 104,500	$ (638,859)	$ 76,013,064
AMLI	840,360	257	-	840,617
Centennial	38,877,026	73,213	(368,847)	38,581,392
Cuatro,	2,500,860	3,193	-	2,504,053
Eveready	316,955	374	(273)	317,056
Fiduciary	34,691,421	20,898	(511,365)	34,200,9545
Frontier	31,972,646	17,447	(59,795)	31,930,298
Group Council	1,496,792	-	(660)	1,496,132
HRINY	36,605,842	308,889	(146,456)	36,768,275
Ideal	47,608,319	28,112	(90,446)	47,545,985
Inscorp	13,731,427	83	(95,796)	13,635,714
Midland	362,824,218	439,144	(2,201,586)	361,061,776
PLICA	15,284,309	183	(48,902)	15,235,590
Touchstone	6,214,458	541	(4,515)	6,210,484
Union	21,750,377	9,882	(88,146)	21,672,113
Total	$ 691,262,433	$ 1,006,716	$ (4,255,646)	$ 688,013,503

Domestic Estates in Liquidation	December 31, 2017 Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
AMIC	$ 77,764,945	$ 86,492	$ (602,498)	$ 77,248,939
AMLI	843,513	-	(1,217)	842,296
Centennial	34,275,551	80,323	(324,757)	34,031,117
Eveready	316,057	4,533	-	320,590
Fiduciary	35,159,856	47,754	(262,496)	34,945,114
Frontier	28,813,765	25	(144,044)	28,669,746
Group Council	1,492,027	-	(4,588)	1,487,439
HRINY	37,622,205	-	(162,472)	37,459,733
Ideal	47,675,211	578	(115,812)	47,559,977
Inscorp	22,004,421	327	(107,760)	21,896,988
Midland	355,855,340	27,713	(1,760,380)	354,122,673
PLICA	14,940,216	311	(77,725)	14,862,802
Union	18,490,257	170	(81,200)	18,409,227
Total	$ 675,253,364	$ 248,226	$ (3,644,949)	$ 671,856,641

Note 3: Investments (continued)

The NYLB's bonds in a continuous unrealized loss position are as follows:

	December 31, 2018					
	Less than 12 Months		Greater than 12 Months		Total	
	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses
U.S. Treasury and Agency Securities held to Maturity	$ 233,283,574	$ (958,254)	$ 244,115,943	$ (3,297,392)	$ 477,399,517	$ (4,255,646)
Total	$ 233,283,574	$ (958,254)	$ 244,115,943	$ (3,297,392)	$ 477,399,517	$ (4,255,646)

	December 31, 2017					
	Less than 12 Months		Greater than 12 Months		Total	
	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses	Fair Market Value	Unrealized Losses
U.S. Treasury and Agency Securities held to Maturity	$ 288,978,925	$ 880,925	$ 343,459,951	$ 2,764,024	$ 632,438,876	$ (3,644,949)
Total	$ 288,978,925	$ 880,925	$ 343,459,951	$ 2,764,024	$ 632,438,876	$ (3,644,949)

The NYLB's portfolio of bonds is sensitive to interest rate fluctuations which affect the fair market value of individual securities. Management has the intent and ability to hold the securities until recovery and/or maturity. Management does not consider the unrealized losses on the NYLB's portfolio of short-term investments and bonds as other-than-temporary impairments as of December 31, 2018 and 2017.

The amortized cost and fair market value of bonds held to maturity at December 31, 2018, are shown below by the date of contractual maturity. Actual maturity dates may differ from contractual maturity dates because borrowers may have the right to call or prepay obligations.

	2018	
Combined Estates in Liquidation	**Fair Market Value**	**Amortized Cost**
Due within one year	$ 242,369,719	$ 243,325,217
Due after one year and before five years	405,418,067	407,676,398
Due after five years and before ten years	30,609,249	30,484,512
Due after ten years and before fifteen years	8,718,039	8,928,204
Due after fifteen years	898,429	848,102
Total Combined Domestic Estates	$ 688,013,503	$ 691,262,433

Note 3: Investments (continued)

Proceeds received from sales and maturities of bonds and net gains (losses) at December 31, 2018 and 2017 are as follows:

	Proceeds Received		Net gains (losses) on Called or Sold	
	2018	2017	2018	2017
AMIC	$ 13,837,440	$ 12,972,437	$ (10,985)	$ 4,380
AMLI	850,000	2,550,472	-	(2,562)
Centennial	4,263,455	5,203,308	(2,147)	1,866
Cosmopolitan	-	4,999,819	-	4
Drivers	-	1,640,229	-	(3,206)
Fiduciary	5,541,764	24,711,601	(18,831)	54,313
Frontier	21,705,904	2,198,498	1,577	351
Group Council	1,490,000	99,852	-	(313)
HRINY	32,962,492	6,341,154	(3,476)	187
Ideal	42,168,939	28,247,946	(5,462)	779
Inscorp	14,386,424	21,970,082	(30,641)	1,117
Midland	189,504,682	93,569,926	(17,538)	47,131
PLICA	9,015,033	6,125,898	(438)	167
Realm	-	2,019,915	-	8
Touchstone	700,000	-	-	-
Union	14,683,742	16,423,596	1,225	947
TOTALS	$ 1,109,875	$ 229,074,154	$ (86,716)	$ 105,169

Mortgage-Backed Securities

In 2018 and 2017, Management identified 108 and 114 mortgage-backed securities, respectively, with amortized costs of approximately $79,263,785 and $55,524,831, respectively. The mortgage-backed securities were carried at a fair market value of $78,628,282 in 2018 and $55,229,000 in 2017.

After reviewing these securities, Management has determined that, based on the information currently available to it, at December 31, 2018, there were no mortgage-backed securities with indirect subprime exposure.

Note 4: Fair Value Measurement

Included in various investment related line items are certain financial instruments carried at fair market value. The fair market value of an asset is the amount at which that instrument could be bought or sold in a current transaction between willing parties other than in a forced or liquidation sale.

Note 4: Fair Value Measurement (continued)

When available, the Combined Domestic Estates in Liquidation uses quoted market prices to determine the fair market values of aforementioned instruments. When quoted market prices are not readily available or representative of fair market value, pricing determinations are made based on the results of valuation models using observable market data such as recently reported trades, bid and offer information and benchmark securities. Unobservable inputs reflect Management's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement* ("Topic 820"), establishes a three-level fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The three-level hierarchy for fair value measurement is as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect Management's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

In certain cases, the inputs used to measure fair market value may fall into different levels of fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Topic 820 also requires disclosures of any significant transfers in and out of Level 1 and Level 2 fair value measurements and a description of the reasons for the transfers; a reconciliation for fair value measurements using significant unobservable inputs (Level 3) with separate disclosure of purchases, sales, issuances, and settlements; and disclosure of the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements.

Note 4: Fair Value Measurement (continued)

The following table summarizes the invested assets carried at fair value or where fair value is disclosed using the fair value level hierarchy above as of December 31, 2018:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
As of December 31, 2018:				
Unrestricted Assets:				
U.S. Government	$ -	$214,517,969	$ -	$214,517,969
U.S. Government Agencies	-	63,947,357	-	63,947,357
Mortgage Backed Securities	-	78,628,292	-	78,628,292
Corporate Bonds	-	330,919,885	-	330,919,885
Investment in Subsidiaries	-	-	388,865	388,865
Total	$ -	$688,013,503	$ 388,865	$688,402,368

The following table summarizes the invested assets carried at fair value or where fair value is disclosed using the fair value level hierarchy above as of December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
As of December 31, 2017:				
Unrestricted Assets:				
U.S. Government	$ -	$162,731,588	$ -	$162,731,588
U.S. Government Agencies	-	109,150,076	-	109,150,076
Mortgage Backed Securities	-	55,229,000	-	55,229,000
Corporate Bonds	-	344,745,977	-	344,745,977
Common Stock -Unaffiliated			163,411	163,411
Investment in Subsidiaries	-	-	544,446	544,446
Real Estate	-	-	3,600,000	3,600,000
Restricted Assets:				
U.S. Government	-	1,361,248	-	1,361,248
Total	$ -	$673,217,889	$ 4,307,857	$677,525,746

Note 4: Fair Value Measurement (continued)

Management used the following methods and assumptions in estimating the fair market value of financial instruments of the Combined Domestic Estates Financial Statements and notes thereto:

Fixed maturities: Fair values for investment securities are based on market prices quoted by third parties, if available. When market quotes are unavailable, Management's best estimate of fair market value is based on quoted market prices of financial instruments with similar characteristics, or on industry recognized valuation techniques. The Combined Domestic Estates investment securities are primarily valued using market inputs, including benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data. In addition, market indicators, industry and economic events are monitored and further market data is acquired if certain triggers are met. For certain security types, additional inputs may be used, or some of the inputs described above may not be applicable.

For broker-quoted only securities, quotes from market makers or broker-dealers are obtained from sources recognized to be market participants.

Common Stock Affiliates: The estimated fair value for the common stock affiliates is based on underlying U.S. GAAP equity.

Real Estate and Buildings: The estimated fair value for real Estate and buildings is determined based on independent appraisals or purchase commitments.

Securities classified as Level 1 included primarily corporate bonds and common stocks. Unadjusted quoted prices for these securities are provided to the Domestic Estates in Liquidation by independent pricing services. There were no securities classified as Level 1 at 2018 and 2017.

Securities classified as Level 2 include primarily short-term investments, bonds, statutory deposits in New York or other states and other restricted assets. Quoted prices for these securities are provided to the Domestic Estates in Liquidation by independent pricing services.

Securities classified as Level 3 include primarily investments in subsidiaries carried at underlying U.S. GAAP equity and real Estate and buildings carried at current market appraisals.

Note 4: Fair Value Measurement (continued)

The following table summarizes changes to invested assets carried at fair market value and classified within Level 3 of the fair value hierarchy.

	Beginning Balance January 1, 2018	Transfers at time of Liquidation	Realized gains/ (losses)	Unrealized gains/(losses)	Issuances	Transfer to Non-New York Liquidator	Sales, Maturities, Settlements	Transfer In or Out of Level 3	Ending Balance December 31, 2018
Assets:									
Real Estate	$ 386,206	$ -	$ -	$ -	$ -	$ -	$ (386,206)	$ -	$ -
Buildings	3,213,794	-	-	-	-	-	(3,213,794)	-	-
Common stocks	163,411	-	(149,921)	-	-	-	(13,490)	-	-
Investment in subsidiaries	544,446	-	(155,581)	-	-	-	-	-	388,865
	$4,307,857	**$ -**	**$ (305,502)**	**$ -**	**$ -**	**$ -**	**$ (3,613,490)**	**$ -**	**$ 388,865**

There were no significant transfers into or transfers out of Level 1 or 2. There were no changes in valuation techniques during 2018 and 2017.

Note 5: Real Estate and Building

On February 15, 2018, the United States Bankruptcy Court issued a Decision after Trial finding that two of three parcels (2.7 acres and 12.9 acres) that had been consolidated to form the Frontier property in Rock Hill, New York, were the property of Frontier's former owner, Frontier Insurance Group, LLC ("FIGL"), under a Chapter 11 Bankruptcy Reorganization Plan confirmed in 2005. The Bankruptcy Court directed that ownership of the two parcels be transferred to FIGL. The Liquidator filed a notice of appeal and perfected the appeal on June 25, 2018, which was subsequently denied. The Bankruptcy Court decision did not affect Frontier's ownership of the balance of the Frontier property (15.2 acres) or the Frontier headquarters building located thereon.

In March 2018, an offer was received to purchase the Frontier headquarters building and the balance of the Frontier property (15.2 acres) for $3.6 million. A contract of sale was negotiated and signed, and approved by the Supervising Court. On October 18, 2018, the Frontier property was sold for $3,600,000.

Note 6: Reinsurance

Prior to their liquidations, most Domestic Estates in Liquidation wrote insurance coverage on a direct basis (and assumed reinsurance, if applicable). Many of these policies and assumed reinsurance contracts were reinsured with other insurance or reinsurance companies in the ordinary course of business.

Reinsurance recoverables are based on treaty and facultative contracts providing pro-rata, excess of loss and catastrophic coverage. The NYLB seeks recovery from reinsurers for incurred losses that have been allowed by the Receivership Court and also seeks to commute outstanding reserves for unpaid losses.

The existence of a reinsurance contract covering a loss does not relieve the individual Estate of its obligation to the policyholders. The Estate continues to carry the liability for the loss on its financial statements. At the same time, the Estate carries the reinsurance recoverable for such a loss as an asset on its financial statements.

The NYLB establishes allowances for uncollectible reinsurance based on several factors, such as a reinsurer's current payment history, aging and solvency.

Note 7: HRINY Start-Up and Solvency Loans

The Affordable Care Act ("ACA") provided for federal loans to CO-OPs, such as HRINY, for start-up costs (to be repaid within five years) and to ensure solvency in accordance with state law (repayable in 15 years). In total, HRINY was awarded $265.1 million.

Note 7: HRINY Start-Up and Solvency Loans (continued)

On February 17, 2012, CMS awarded HRINY $23.6 million in start-up funds to be used for costs associated with setting up a health insurance company. Under HRINY's loan agreement with CMS, HRINY submitted a business plan that included milestones to be met for corresponding drawdowns of loan funds, which were disbursed in quarterly installments throughout 2012 and continuing until 2015. Repayment of the loan, which was carried at 0% interest, was due within five (5) years from the date of disbursement. As of December 31, 2018, HRINY had received $23,600,400 in disbursements from CMS under this start-up loan. As a result of the liquidation, none of the following originally scheduled repayments have been made:

Year ending December 31,	Amount
2017	$ 10,338,700
2018	12,591,900
2019	183,200
2020	486,600
Total	$ 23,600,400

On February 17, 2012, the HRINY entered into a loan agreement with CMS to provide a solvency loan of up to $150,678,000 to provide statutory capital required to operate an insurance company in New York. On September 26, 2014, CMS approved an additional $90,688,000 to the total available solvency funding. With the additional $90,688,000, the total solvency funding amount was $241,366,000. The repayment schedule of the solvency loan is as follows:

Year Ending December 31,	Amount of Loan
2021	$ 6,050,242
2022	16,571,446
2023	30,170,750
2024	30,170,750
2025-2030	158,420,813
	$ 241,366,000

The solvency loan amortization period begins 8 years after each disbursement period and ends 15 years thereafter. During that 8-year period, 8 equal, annual payments that include principal and interest are due each year based on the remaining unpaid principal balance.

Note 7: <u>HRINY Start-Up and Solvency Loans</u> (continued)

The solvency loan had an interest rate of 0.37%. Prior to 2019, principal and interest are deferred. During 2019 through 2020, interest only payments are due. During 2021, through 2033, principal and interest payments are due. Currently, the scheduled payments are not being made. In a letter dated May 4, 2017, CMS called the entire CO-OP loan debt due as a present debt, rather than debt payable per the repayment schedules.

The start-up and solvency loans are classified by the Liquidator as Class Eight based on the terms of the loan agreements.

Note 8: <u>HRINY Risk Sharing Provisions of the Affordable Care Act</u>

As of January 1, 2014, the ACA created three interconnected risk management Programs intended to protect consumers by stabilizing premiums during the initial years of the law's implementation. Two of these Programs (Reinsurance and Risk Corridors) were temporary and the third Program (Risk Adjustment) was designed to protect against adverse selection in the reformed marketplace. Together, these three Programs commonly referred to as the 3Rs were intended to protect against the negative effects of adverse selection and risk selection, and also work to stabilize premiums. Each Program varies by the types of plans that participate, the level of government responsible for oversight, the criteria for charges and payments, the sources of funds, and the duration of the Program. The characteristics of each Program as it relates to HRINY are discussed below.

<u>Amounts Recoverable from Federal Reinsurance (Reinsurance)</u>
The temporary Federal Reinsurance Program was in effect from 2014 through 2016 and was designed to help health plans meet the needs of high-cost enrollees while making individual market premiums more affordable.

As of December 31, 2018, HRINY had amounts recoverable under the reinsurance Program for the 2015 benefit year in the amount of $51,736,709 ("2015 Reinsurance Recoverable"). CMS has purported to set off the 2015 Reinsurance Recoverable against HRINY's liability under the Risk Adjustment Program.

Management is continuing its efforts to challenge the set-off, but has established a non-collectability reserve in the amount of $51,736,709. The reserve is reviewed and adjusted as reasonable and appropriate.

As of December 31, 2018, HRINY also had a recoverable under the Reinsurance Program for the 2014 benefit year in the amount of $58,217,807 ("2014 Reinsurance Recoverable"). CMS has similarly purported to set off the 2014 Reinsurance.

Note 8: HRINY Risk Sharing Provisions of the Affordable Care Act (continued)

Amounts Recoverable from Federal Reinsurance (Reinsurance) **(continued)**

Recoverable against HRINY's risk adjustment liability. Because of the purported CMS setoff, HRINY's pre-liquidation management did not record the 2014 Reinsurance Recoverable as an asset on its financial statements. Management is challenging the setoff and is continuing its efforts to recover the 2014 Reinsurance Recoverable. However, for purposes of this financial statement, we have continued management's prior practice of not stating the 2014 Reinsurance Recoverable as an asset.

Accrued Retrospective Premiums Receivable (Risk Corridors)

The ACA's temporary Risk Corridors Program was intended to discourage insurers from setting premiums high in response to uncertainty about who would enroll and what they will cost. The Program limited volatility in the individual and small group markets by mitigating extreme gains and losses for qualified health plans ("QHPs") or plans qualified to participate in the exchanges.

For each year of the Risk Corridor Program, QHPs and the federal government shared in the risk associated with the uncertainty of the new marketplace. If the amount QHP collected in premiums exceeded its medical expenses by a certain amount, the plan paid into the Risk Corridor Program. Conversely, if premiums fell short of this target, the Risk Corridor Program transferred a portion of this shortfall to QHP. The Risk Corridors Program are accounted for as premium adjustments for retrospectively rated contracts and totaled $445,134,282 as of December 31, 2018. The $445,134,282 is comprised of the balance not paid on the 2014 benefit year in the amount of $131,093,843 and the 2015 benefit year in the amount of $314,040,439. In preparing the modified cash basis financial statements, Management makes estimates of amounts recoverable under the Accrued Retrospective Premiums Receivable Program. Although Management is continuing its efforts to maximize collections of the retrospective premiums receivable, a reserve has been established in the amount of $445,134,282. The reserve is reviewed and adjusted as necessary and appropriate.

Risk Adjustment Payable

The Risk Adjustment Program was designed to protect against the risk of less healthy members of the public adversely certain QHP's and disproportionately affecting their loss experience. The Risk Adjustment Program accomplishes this by requiring plans with lower-risk enrollees to make payments to plans with higher-risk enrollees to offset costs. All non-grandfathered plans in the individual and small group market participated in the Risk Adjustment Program, whether or not they participated on the exchange. Premium adjustments pursuant to the Risk Adjustment Program are accounted for as premium subject to redetermination and user fees are accounted for as assessments. HRINY's risk adjustment payable balance of $191,338,780 is unchanged from prior year and is included in Class Three – Federal Government Claims.

Note 8: HRINY Risk Sharing Provisions of the Affordable Care Act (continued)

Risk Adjustment Payable **(continued)**

The following table presents the impact of risk-sharing provisions of the ACA on HRINY's assets, liabilities and revenue as of December 31, 2018 and 2017:

a. Permanent ACA Risk Adjustment Program Assets			
1.	Premium adjustments receivable due to ACA risk adjustment Liabilities	$	-
2.	Risk adjustment user fees payable for ACA risk adjustment Liabilities	$	-
3.	Premium adjustments payable due to ACA risk adjustment Operations (revenue and expenses)	$	191,338,780
4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA risk adjustment	$	-
5.	Reported in expenses as ACA risk adjustment user fees (incurred/paid)	$	-
b. Transitional ACA Reinsurance Program Assets:			
1.	Amounts recoverable for claims paid due to ACA reinsurance	$	51,736,709
2.	Amounts recoverable for claims unpaid due to ACA insurance (contra-liability)	$	-
3.	Amounts receivable relating to uninsured plans for contributions for ACA reinsurance	$	-
Liabilities			
4.	Liabilities for contributions payable due to ACA reinsurance – not reported as ceded premium	$	-
5.	Ceded reinsurance premiums payable due to ACA reinsurance	$	-
6.	Liability for amounts held under uninsured plan contributions for ACA reinsurance	$	-
Operations (revenue and expense)			
7.	Ceded reinsurance premiums due to ACA reinsurance	$	-
8.	Reinsurance recoveries (income statement) due to ACA reinsurance payments or expected payments	$	-
9.	ACA reinsurance contributions – not reported as ceded premium	$	-
c. Temporary ACA Risk Corridors Program Assets:			
1.	Accrued retrospective premium due to ACA risk corridors	$	445,134,282
Liabilities			
2.	Reserve for the credits or policy experience rating refunds due to ACA risk corridors	$	-
Operations (revenue and expense)			
3.	Effect of ACA risk corridors on net premium income (paid/received)	$	-
4.	Effect of ACA risk corridors on change in reserves for rate credit	$	-

Note 9: HRINY Claims Unpaid and Claims Adjustment Expenses Unpaid

The following table discloses the change in Class II HRINY claims unpaid, net of reinsurance, for the period ended December 31, 2018:

Claims unpaid, as of December 31, 2017	$	213,780,023
Incurred claims – current period		4,170,471
Paid claims – current period		-
Claims unpaid, as of December 31, 2018	$	217,950,494

There were no changes in claims adjustment expenses unpaid, net of reinsurance, for the year ended December 31, 2018.

Note 10: Related-Party Transactions

For the years ended December 31, 2018 and 2017, NYLB personnel performed certain administrative and investment functions, such as accounting, data processing, human resources and treasury management, for the Combined Domestic Estates in Liquidation.

The Combined Domestic Estates in Liquidation paid or accrued expenses for such functions pursuant to the NYLB's policy of charging the intercompany accounts of each respective Domestic Estate in Liquidation for expenses paid by the NYLB on behalf of such Estate.

As of December 31, 2018 and 2017, the amounts remaining due to the NYLB are approximately $1.3 million and $1.0 million, respectively, and are included in Class One - Administrative Claims. During 2018 and 2017, the Combined Domestic Estates in Liquidation paid approximately $16.7 million and $22.5 million, respectively, of allocated expenses, detailed as follows:

	2018	2017
Salaries	$ 6,249,452	$ 6,738,883
Employee Relations & Welfare	3,674,359	7,280,274
Rent and Related Expenses	2,865,434	3,327,172
Professional Fees	2,555,734	4,414,026
General and Administrative	1,351,982	753,785
	$ 16,696,961	$ 22,514,590

Note 11: Expense Reimbursement

The NYLB manages the CDA which is a pooled cash account funded solely by cash advances from the Estates and/or Security Funds. Any excess funds in the CDA may be invested in overnight investment options, and Liquidity Direct, a facility that allows for the purchase of various U.S. Government related money market funds. The NYLB uses the money in the CDA to pay administrative expenses such as employee relations and welfare, payroll, rent and related expenses, and office expenses. Such administrative expenses are allocated on a monthly basis among the Domestic Estates in Liquidation, Security Funds, ancillary Estates, and fraternal associations.

Note 12: Asbestos and Environmental Reserves

A Major Policyholder is an insured with a substantial exposure to long-tail industry-wide tort claims such as Asbestos, Environmental and Product Liability claims. Three Estates, Midland, AMIC and Centennial, have exposure to Asbestos and Environmental claims. In establishing the liability for unpaid claims and claim adjustment expenses related to Asbestos, Environmental and Product claims on these Estates, Management considers facts currently known and the current state of the law and coverage litigation. Liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy and Management can reasonably estimate the Estate's liability. Estimates of liabilities are updated as needed based on case law, and claim experience.

Management anticipates that, as more detailed information and documentation are received and reviewed regarding the claims in the Midland, AMIC and Centennial Estates, these reserves will be adjusted as needed.

Note 12: Asbestos and Environmental Reserves (continued)

As of December 31, 2018 and 2017, the reserves for Midland, AMIC, Centennial and the corresponding reinsurance, if any, are as follows and reported as a Class Two – Non-Allowed Liability:

	2018	2017
Midland		
Gross Reserves		
Asbestos	$ 15,000,153	$ 15,000,414
Environmental	1,500,234	1,500,495
Products	198	2,000,432
Total Gross Reserves	16,500,585	18,501,341
Less Ceded Reserves	(13,180,149)	(11,975,337)
Net Reserves	$ 3,320,436	$ 6,526,004

	2018	2017
AMIC		
Gross Reserves		
Asbestos	$ 1,178,401	$ 1,178,401
Environmental	-	544
Product	-	-
Total Gross Reserves	1,178,401	1,178,945
Less Ceded Reserves	-	-
Net Reserves	$ 1,178,401	$ 1,178,945

	2018	2017
Centennial		
Gross Reserves		
Asbestos	$ 175	$ 45
Environmental	81	81
Product	45	46
Total Gross Reserves	301	172
Less Ceded Reserves	-	-
Net Reserves	$ 301	$ 172

The Midland gross reserve decrease relates to the 2018 adjudications of Product claims. The increase in ceded reinsurance reserves for Midland was due primarily to direct outstanding reserves in reinsurance treaty years with higher limits. The changes in Asbestos, Environmental and Product reserves are reported in Class Two – Claims and Related Costs Non-Allowed.

Note 13: Taxes

The Combined Domestic Estates in Liquidation are subject to federal income tax, but generally these Estates do not generate taxable income or tax liability due to offsets available from net operating loss ("NOL") carry forwards.

The Combined Domestic Estates in Liquidation are subject to New York State franchise tax and Metropolitan Transit Authority local tax. Each Domestic Estate in Liquidation's tax is generally calculated at the minimum because the Estates are in liquidation and do not generate taxable income.

At December 31, 2018, certain Domestic Estates in Liquidation had unused NOL carry-forwards available to offset against future taxable income as follows:

Estate	Year NOL Carry-forward Begins Expiring	NOL Carry-forward @ 12/31/17	New Estate Carryover	Expired NOL and final return	Taxable Income (Loss) for 2018	Section Reduction of (NOL) Form 982	NOL Carry-forward @ 12/31/2018
AMLI	2029	$ (14,533,271)	$ -	$ -	$ (253,245)	$ -	$ (14,786,516)
AMIC	2025	(643,471,238)	-	-	(2,647,268)	-	(646,118,506)
Centennial	2020	(337,945,755)	-	-	1,466,840	20,807,983	(315,670,932)
Cuatro, LLC	2031	-	(27,567,312)	-	(3,096,882)	-	(30,664,194)
Drivers	2034	(7,630,061)	-	7,827,284	(197,223)	-	-
Eveready	2034	(34,894,747)	-	-	(53,665)	-	(34,948,412)
Fiduciary	2034	(249,705,065)	-	-	(56,696,565)	-	(306,401,630)
First Central	2018	(134,870,523)	-	-	(950,853)	-	(135,821,376)
Frontier	2033	(108,041,541)	-	-	(1,430,552)	16,643,740	(92,828,353)
Group Council	2024	(347,886,157)	-	-	(39,639)	4,404,970	(343,520,826)
Ideal	2018	(437,232,065)	-	-	(94,769)	3,677,742	(433,649,092)
INSCORP	2024	(62,772,2970)	-	-	(66,283,377)	-	(129,055,674)
Midland	2024	(1,182,916,052)	-	-	3,574,315	56,432,297	(1,122,909,440)
PLICA	2034	(8,695,407)	-	-	(1,954,952)	-	(10,650,359)
Realm	2025	(148,819,294)	-	148,682,314	(181,068)	318,048	-
Touchstone	2027	-	(50,917,760)	-	(11,067,406)	-	(61,985,166)
Union	2018	(587,257,163)	-	-	(7,524,654)	76,151,246	(518,630,571)
Totals		$ (4,306,670,636)	$(78,917,760)	$ 156,509,598	$(147,430,963)	$ 178,436,026	$(4,197,641,047)
Valuation Allowance		$ 4,306,670,636	$ 78,917,760	$(156,509,598)	$ 147,430,963	$(178,436,026)	$ 4,197,641,047
Operating Loss Carry Forward, Net of Valuation Allowance		$ -	$ -	$ -	$ -	$ -	$ -

As of December 31, 2018, the Combined Domestic Estates in Liquidation have accumulated NOLs of approximately $4.2 billion. Because the Estates are in liquidation, Management believes, based on the information currently available to it, that it is unlikely these NOLs will be realized and whether the carry-forwards will expire unused.

Note 13: Taxes (continued)

CO-OPs qualify for federal tax exemption under Section 501(c)(29) of the Internal Revenue Code ("IRC") provided the co-ops comply with the requirements in the ACA and the IRC and with the terms of any CO-OP loan agreement. HRINY applied for recognition of 501(c)(29) status and received such status in a determination letter from the IRS dated March 15, 2013. HRINY qualifies for federal tax exemption and files IRS Form 990.

Note 14: Employers' Accounting for Defined Benefit Pension and Other Post-Employment Benefit Plans ("OPEB")

The New York State Health Insurance Program ("NYSHIP") offers a post-employment health insurance benefit to eligible retired employees. The NYLB participates in this program and eligible NYLB employees receive post-employment benefits through participating NYSHIP health insurance providers. Benefits include coverage secondary to Medicare and prescription drug benefits. Premiums are paid monthly by both the NYLB and the retired employees. In order to be eligible for the post-employment benefit, retirees must have fulfilled service requirements with participating employers as specified in the NYLB's employee handbook.

As of December 31, 2018 and 2017, the Domestic Estates have accrued liabilities for post-employment benefit plans of approximately $49 million and $46 million. This liability is allocated among the Domestic Estates based on allocated salary attributable to each Estate.

Prior to 2018, the NYLB classified the total allocated OPEB liability for each estate as a Class One Administrative claim with the expectation that this total amount would be funded by the Estate at its closing and set aside by the NYLB for the payment of future OPEB liabilities. The Class One OPEB claim for each estate was the projected amount the estate would pay assuming it were to remain open indefinitely.

In 2018, the NYLB determined that it would classify OPEB liabilities as a Class One claim only with regard to the amount that the Estate was projected to pay on a pay-as-you-go basis prior to its closing. The balance of the OPEB liability is presented below the Total Combined Liabilities line on the accompanying balance sheet. This amount represents the portion of allocated OPEB liability that is expected to be paid after the close of the Estate. Upon closure of the Estate, this portion of the Estate's OPEB liability remains unfunded and is removed from the Estate's balance sheet. The unpaid amount will be calculated and reallocated among the remaining Estates at that time.

Note 14: Employers' Accounting for Defined Benefit Pension and Other Post-Employment Benefit Plans ("OPEB") (continued)

The NYLB's apportionment of OPEB liabilities as Class One and Other Post-Employment Benefit liabilities is based upon the best understanding of the projected lifespan of the Estate as of the date of the presented financial statements. Individual Estates may remain open for a period that is significantly shorter or longer than projected.

In 2018 and 2017, the OPEB liability in Class One totaled $6,973,214 and $4,171,678, respectively. The OPEB liabilities which are included as a separate line item, "Other Post-Employment Benefits", totaled $42,013,348 in 2018 and $42,528,765 in 2017.

An independent actuarial firm conducted a valuation of the OPEB liability for the years ended December 31, 2018 and 2017, using FASB ASC Topic 715 and reported its conclusions in reports dated February 2019 and February 2018, respectively (collectively, "Actuarial Reports"). Pursuant to the Actuarial Reports, discount rates of 3.50% and 4.00% were selected by the independent actuarial firm and used to determine the initial OPEB and discount rates of 4.25% and 3.50% were applied to determine the OPEB as of December 31, 2018 and 2017, respectively.

The OPEB liability which is included in liabilities on the Combined Statements of Assets, Liabilities, and Deficit of Assets over Liabilities – Modified Cash Basis is as follows:

	2018		2017
OPEB (Initial Accrual) as of January 1, 2018:	$ 63,639,434	OPEB (Initial Accrual) as of January 1, 2017:	$ 43,633,251
OPEB as of December 31, 2018:	$ 49,263,506	OPEB as of December 31, 2017:	$ 46,290,133
Net Periodic Benefit Cost for the fiscal year 2018:	$ 1,611,217	Net Periodic Benefit Cost for the fiscal year 2017:	$ 2,403,186

Note 14: Employers' Accounting for Defined Benefit Pension and Other Post-Employment Benefits "OPEB") (continued)

The following presentation was extracted from the Actuarial Reports for the years ended December 31, 2018 and 2017:

	Post-Employment Benefits	
Reconciliation of benefit obligation	**2018**	**2017**
Obligation at beginning of year	$ 63,639,434	$ 43,633,251
Service cost including expenses	767,099	683,666
Interest cost	1,868,683	1,642,066
Actuarial (gain) / loss	(14,816,332)	1,780,350
Benefit payments and expected expenses	(2,195,378)	(1,449,200)
Obligation at end of year	$ 49,263,506	$ 46,290,133
Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year	$ -	$ -
Employer contributions	2,195,378	1,449,200
Benefit payments and actual expenses	(2,195,378)	(1,449,200)
Fair value of plan assets at end of year	-	-
Unfunded status at end of year	$ (49,263,506)	$ (46,290,133)

The effect of a 1% increase in the assumed health care cost trend rates for each future year on the OPEB obligation for health care benefits and the aggregate of the service and interest cost components of net periodic post-employment healthcare benefit cost is shown below:

	Post-Employment Benefits	
	Accumulated Post-Employment Benefit Obligation	**Service Cost Plus Interest Cost**
At Trend	$ 49,263,506	$ 2,635,782
At trend + 1%	57,266,785	3,153,901
Dollar Impact	8,003,279	518,119
Percentage Impact	16.25%	19.66%
At Trend – 1%	42,797,117	2,229,456
Dollar Impact	(6,466,389)	(406,326)
Percentage Impact	(13.139%)	(15.42%)

Note 14: Employers' Accounting for Defined Benefit Pension and Other Post-Employment Benefits "OPEB") (continued)

Amounts recognized in unrestricted net assets consist of:

	Post-Employment Benefits	
	2018	**2017**
Transition asset/obligations	$ -	$ -
Prior service credit/cost	-	-
Gain/(Loss)	16,724,460	2,133,185
	$ 16,724,460	$ 2,133,185

Cash Flows

Expected Future OPEB Payments

The following OPEB payments, which reflect expected future service, are expected to be paid:

Fiscal Year Ending:	**OPEB Payment**
2019	$ 3,363,290
2020	$ 3,526,253
2021	$ 3,760,071
2022	$ 3,948,415
2023	$ 4,086,653
Years 2024-2027	$ 22,885,497

Employee Retirement Plans

New York State and Local Employees' Retirement System – Defined Benefit Plan

The New York State and Local Employees' Retirement System ("Retirement System") offers a variety of plans and benefits and provides retirement benefits based on years of service and the average of an employee's highest three years' salary. Other benefits include: vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments. All NYLB employees must participate in the Retirement System. However, all NYLB employees hired *before* January 1, 2010 are required to contribute three percent of their salary annually until the employee achieves 10 years of membership. All NYLB employee hired Between January 1, 2010 and April 1, 2012 are required to pay 3% of their annual salary until separation from service or retirement. All NYLB employees hired *after* April 1, 2012, are required to contribute three percent to six percent depending on their annual salary until separation from service or retirement. Funding consists of contributions from active employees, as well as payment by the NYLB of an annual invoice which is based on the total salaries that were paid to NYLB employees as of the close of the previous New York State fiscal year.

Note 14: Employers' Accounting for Defined Benefit Pension and Other Post-Employment Benefit ("OPEB") (continued)

New York State Deferred Compensation Plan – 457b

This is a voluntary retirement savings Program funded entirely by employee contributions. Employees are eligible to contribute to this Program as of their first day of employment with the NYLB. Through payroll deduction, participants may contribute from 1% to 25% of salary up to the specified annual maximum. Contributions are pre-tax for federal, state and local income tax purposes.

Note 15: Legal Matters, Commitments and Contingencies

After inquiry and review of the records of each Domestic Estate in Liquidation, Management, based on the information currently available to it, is unaware of any pending or threatened litigation or unasserted claim that Management reasonably believes will have a material adverse effect on the financial condition or the results of operations of the Combined Domestic Estates in Liquidation.

Management, in furtherance of the Receiver's statutory obligations, continuously endeavors to: (i) recover the assets of Domestic Estates in Liquidation; and (ii) wind up the business affairs of Domestic Estates in Liquidation including, without limitation, the litigation of policyholder and reinsurance claims.

Note 16: Litigation Against Federal Government

HRINY was a not-for-profit CO-OP under the ACA and participated in several premium stabilization and financial assistance programs maintained by the United States government (the "Federal Government") as part of the ACA. In the 2014 and 2105 benefit years, prior to its liquidation, HRINY participated in the ACA's Risk Corridors, Reinsurance, Risk Adjustment, Advanced Premium Tax Credit and Cost-Sharing Reduction programs ("ACA Programs"). The Liquidator's review of HRINY's records shows that the Federal Government failed to pay balances owed to HRINY under the ACA Programs.

On September 1, 2017, the Liquidator, through counsel, filed a complaint against the Federal Government in the United States Court of Federal Claims ("Court of Claims") under case number 17-1185C, seeking to recover over $575 million owed to HRINY under the ACA Programs. The matter was stayed by the Court of Claims in October 2017, pending appeal of two other cases (Land of Lincoln Mutual Health Insurance Company v. United States and Moda Health Plan, Inc. v. United States), which had been recently decided in the Court of Claims and presented substantially similar issues involving the Risk Corridors Program.

Note 16: Litigation Against Federal Government (continued)

The appeals were heard together in the United States Court of Appeals for the Federal Circuit and decided against the insurers. A petition for a *writ of certiorari* to the United State Supreme Court was subsequently granted on June 24, 2019. The appeals will be briefed and argued in the upcoming Supreme Court term. The stay of HRINY's case in the Court of Claims has been continued until the issuance of the Supreme Court's decision.

Note 17: Subsequent Events

Subsequent events have been reviewed through July 29, 2019, the date which these audited Combined Domestic Estates Financial Statements were available to be issued. Management is aware of the following subsequent events that may have a material impact on the financial condition or results of operations of the Combined Domestic Estates in Liquidation.

Reinsurance Collected

The amount of reinsurance collected for each Domestic Estate in Liquidation subsequent to December 31, 2018, is listed in the table below. This table represents all cash collected relating to reinsurance recoverable balances open at December 31, 2018, and billed and subsequently received in 2019.

Domestic Estate in Liquidation	Collections of Reinsurance Recoverable on Paid Losses and LAE
Midland	$ 3,829,831
Ideal	2,552,955
Realm	850,000
Union	472,316
INSCORP	455,536
First Central	168,331
Centennial	155,405
Frontier	123,198
AMIC	53,614
Fiduciary	45,909
Total	$ 8,707,097

Note 17: Subsequent Events (continued)

Distributed Dividends

The following Domestic Estates in Liquidation made dividend distributions subsequent to December 31, 2018:

Realm	$ 2,817,200
Midland	2,643,273
PLICA	1,180,432
Drivers	737,267
Ideal	445,038
INSCORP	66,476
AMIC	12,858
Union	3,469
Total	$ 7,906,013

New Liquidation

The following Estates were placed into liquidation subsequent to December 31, 2018:

Atlantis Health Plan, Inc. – April 11, 2019

Estate Closures

The following Estates were closed subsequent to December 31, 2018:

Realm National Insurance Company – January 7, 2019

Subsidiaries

On March 7, 2019, AMIL filed an application for voluntary dissolution with the Register of Companies Register, Companies House”.

On March 7, 2019, AMIC-UK filed an application for voluntary dissolution with the “Register of Companies Register, Companies House”.

On June 25, 2019, AMIL’s application for voluntary dissolution was approved by the “The Registrar of Companies, Companies House.

On June 25, 2019, AMIC-UK’s application for voluntary dissolution was approved by the “The Registrar of Companies, Companies House.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Superintendent of Financial Services of the State of New York as Receiver of the Combined Domestic Estates in Liquidation managed by the New York Liquidation Bureau and Management of the New York Liquidation Bureau

We have audited the combined statements of assets, liabilities and deficit of assets over liabilities – modified cash basis of the Combined Domestic Estates in Liquidation managed by the New York Liquidation Bureau as of December 31, 2018 and 2017, and the related combined statements of cash receipts and disbursements and changes in cash, cash equivalents and invested assets (unrestricted) – modified cash basis for each of the years then ended (collectively referred to as "Combined Domestic Estates Financial Statements"), and have issued our report thereon dated July 29, 2019, which expressed an unmodified opinion on those Combined Domestic Estates Financial Statements. Our audits were performed for the purpose of forming an opinion on the Combined Domestic Estates Financial Statements as a whole. The supplementary combining schedules of the Combined Domestic Estates in Liquidation's assets, liabilities and (deficit) surplus of assets over liabilities, - modified cash basis and cash receipts and disbursements and changes in cash, cash equivalents and invested assets (unrestricted) – modified cash basis as of and for the years ended December 31, 2018 and 2017 are presented for purposes of additional analysis and are not a required part of the Combined Domestic Estates Financial Statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Combined Domestic Estates Financial Statements. The information has been subjected to the auditing procedures applied in the audits of the Combined Domestic Estates Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Combined Domestic Estates Financial Statements or to the Combined Domestic Estates Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the Combined Domestic Estates Financial Statements as a whole.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
July 29, 2019

Supplementary Schedules

Appendix A

December 31, 2018 and 2017

The Domestic Estates in Liquidation

Combining Schedules of the Estates' Assets, Liabilities and (Deficit) Surplus of Assets Over Liabilities, and Cash Receipts and Disbursements and Changes in Cash, Cash Equivalents and Invested Assets (Unrestricted) – Modified Cash Basis

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF ESTATES' ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Assets	AMERICAN MEDICAL		ATLANTIC MUTUAL		CENTENNIAL		CUATRO	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Unrestricted Assets:								
Cash and Cash Equivalents	$ 846,352	$ 996,191	$ 559,242	$ 2,506,797	$ 532,791	$ 2,401,770	$ 500,057	$ -
Invested Assets:								
Bonds, at fair market value	840,617	842,296	76,013,064	77,248,939	38,581,391	34,031,117	2,504,053	-
Common Stocks, Unaffiliated at fair market value	-	-	-	120,508	-	42,903	-	-
Investment in Subsidiary	-	-	388,865	544,446	-	-	-	-
Limited Partnerships	-	-	-	-	-	-	-	-
Real Estate	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Total Invested Assets	840,617	842,296	76,401,929	77,913,893	38,581,391	34,074,020	2,504,053	-
Total Cash, Cash Equivalents, and Invested Assets (unrestricted)	1,686,969	1,838,487	76,961,171	80,420,690	39,114,182	36,475,790	3,004,110	-
Reinsurance Recoverables on Paid Losses and LAE	-	-	15,564,147	14,128,046	6,146,050	5,251,766	-	-
Less: Allowance for Uncollectible Reinsurance Recoverables	-	-	(13,255,498)	(11,891,518)	(5,279,034)	(4,513,331)	-	-
Net Reinsurance Recoverables on Paid Losses and LAE	-	-	2,308,649	2,236,528	867,016	738,435	-	-
Reinsurance Recoverables on Unpaid Losses and LAE	-	-	18,783,231	19,361,553	15,963,338	29,627,647	-	-
Less: Allowance for Uncollectible Reinsurance Recoverables	-	-	(15,391,394)	(15,873,289)	(13,233,490)	(24,165,614)	-	-
Net Reinsurance Recoverables on Unpaid Losses and LAE	-	-	3,391,837	3,488,264	2,729,848	5,462,033	-	-
Amounts Recoverable from Federal Reinsurance	-	-	-	-	-	-	-	-
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	-	-	-	-
Net Amount Recoverable from Federal Reinsurance	-	-	-	-	-	-	-	-
Accrued Retrospective Premiums Receivable-Risk Corridors	-	-	-	-	-	-	-	-
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	-	-	-	-
Net Accrued Retrospective Premiums Receivable	-	-	-	-	-	-	-	-
Receivables from Others	-	-	613	613	206	206	-	-
Accrued Investment Income	4,329	2,265	339,305	376,505	156,164	143,385	13,114	-
Other Assets	19,380	19,380	1,194,676	1,171,885	608,310	608,310	2,214,607	-
Total Unrestricted Assets	1,710,678	1,860,132	84,196,251	87,694,485	43,475,726	43,428,159	5,231,831	-
Restricted Assets:								
Statutory Deposits in New York or Other States	274,070	384,183	6,755,656	6,724,502	3,649,896	3,731,386	-	-
Other Restricted Assets	-	-	15,214,157	15,109,334	1,002,897	1,009,876	25,357	-
Total Restricted Assets	274,070	384,183	21,969,813	21,833,836	4,652,793	4,741,262	25,357	-
Total Assets	$ 1,984,748	$ 2,244,315	$ 106,166,064	$ 109,528,321	$ 48,128,519	$ 48,169,421	$ 5,257,188	$ -

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF ESTATES' ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Assets	DRIVERS		EVEREADY		FIDUCIARY		FIRST CENTRAL	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Unrestricted Assets:								
Cash and Cash Equivalents	$ 714,817	$ 871,828	$ 214,198	$ 243,759	$ 155,628	$ 879,383	$ 2,123,401	$ 1,795,910
Invested Assets:								
Bonds, at fair market value	-	-	317,056	320,590	34,200,954	34,945,114	-	-
Common Stocks, Unaffiliated at fair market value	-	-	-	-	-	-	-	-
Investment in Subsidiary	-	-	-	-	-	-	-	-
Limited Partnerships	-	-	-	-	-	-	-	-
Real Estate	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Total Invested Assets	-	-	317,056	320,590	34,200,954	34,945,114	-	-
Total Cash, Cash Equivalents, and Invested Assets (unrestricted)	714,817	871,828	531,254	564,349	34,356,582	35,824,497	2,123,401	1,795,910
Reinsurance Recoverables on Paid Losses and LAE	-	-	-	-	6,371,306	4,999,397	37,427	150,082
Less: Allowance for Uncollectible Reinsurance Recoverables	-	-	-	-	(6,357,995)	(4,999,397)	-	-
Net Reinsurance Recoverables on Paid Losses and LAE	-	-	-	-	13,311	-	37,427	150,082
Reinsurance Recoverables on Unpaid Losses and LAE	-	-	-	-	18,205,768	19,962,775	5,284,820	6,454,893
Less: Allowance for Uncollectible Reinsurance Recoverables	-	-	-	-	(17,730,789)	(19,962,775)	-	-
Net Reinsurance Recoverables on Unpaid Losses and LAE	-	-	-	-	474,979	-	5,284,820	6,454,893
Amounts Recoverable from Federal Reinsurance	-	-	-	-	-	-	-	-
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	-	-	-	-
Net Amount Recoverable from Federal Reinsurance	-	-	-	-	-	-	-	-
Accrued Retrospective Premiums Receivable-Risk Corridors	-	-	-	-	-	-	-	-
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	-	-	-	-
Net Accrued Retrospective Premiums Receivable	-	-	-	-	-	-	-	-
Receivables from Others	-	-	-	-	-	-	-	-
Accrued Investment Income	-	-	-	-	148,661	144,109	-	-
Other Assets	-	-	-	-	609,488	843,282	1	1
Total Unrestricted Assets	714,817	871,828	531,254	564,349	35,603,021	36,811,888	7,445,649	8,400,886
Restricted Assets:								
Statutory Deposits in New York or Other States	-	-	-	-	-	-	-	-
Other Restricted Assets	-	-	-	-	-	-	-	7,740
Total Restricted Assets	-	-	-	-	-	-	-	7,740
Total Assets	$ 714,817	$ 871,828	$ 531,254	$ 564,349	$ 35,603,021	$ 36,811,888	$ 7,445,649	$ 8,408,626

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF ESTATES' ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Assets	FRONTIER		GROUP COUNCIL		HEALTH REUBLIC		IDEAL MUTUAL	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Unrestricted Assets:								
Cash and Cash Equivalents	$ 743,996	$ 1,084,941	$ 52,355	$ 103,593	$ 236,123	$ 130,457	$ 446,456	$ 752,193
Invested Assets:								
Bonds, at fair market value	31,930,298	28,669,745	1,496,133	1,487,439	36,768,276	37,459,733	47,545,985	47,559,977
Common Stocks, Unaffiliated at fair market value	-	-	-	-	-	-	-	-
Investment in Subsidiary	-	-	-	-	-	-	-	-
Limited Partnerships	-	-	-	-	-	-	-	-
Real Estate	-	386,206	-	-	-	-	-	-
Buildings	-	3,213,794	-	-	-	-	-	-
Total Invested Assets	31,930,298	32,269,745	1,496,133	1,487,439	36,768,276	37,459,733	47,545,985	47,559,977
Total Cash, Cash Equivalents, and Invested Assets (unrestricted)	32,674,294	33,354,686	1,548,488	1,591,032	37,004,399	37,590,190	47,992,441	48,312,170
Reinsurance Recoverables on Paid Losses and LAE	8,830,563	11,667,041	23,008,616	23,008,616	-	-	55,190,961	55,689,686
Less: Allowance for Uncollectible Reinsurance Recoverables	(8,802,332)	(11,610,566)	(23,008,616)	(23,008,616)	-	-	(55,021,627)	(55,516,436)
Net Reinsurance Recoverables on Paid Losses and LAE	28,231	56,475	-	-	-	-	169,334	173,250
Reinsurance Recoverables on Unpaid Losses and LAE	4,890,602	7,281,171	-	-	-	-	4,934,427	6,204,221
Less: Allowance for Uncollectible Reinsurance Recoverables	(4,846,299)	(7,222,740)	-	-	-	-	(4,898,001)	(6,156,376)
Net Reinsurance Recoverables on Unpaid Losses and LAE	44,303	58,431	-	-	-	-	36,426	47,845
Amounts Recoverable from Federal Reinsurance	-	-	-	-	51,736,709	51,736,709	-	-
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	(51,736,709)	(51,736,709)	-	-
Net Amount Recoverable from Federal Reinsurance	-	-	-	-	-	-	-	-
Accrued Retrospective Premiums Receivable-Risk Corridors	-	-	-	-	445,134,282	445,134,282	-	-
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	(445,134,282)	(445,134,282)	-	-
Net Accrued Retrospective Premiums Receivable	-	-	-	-	-	-	-	-
Receivables from Others	-	-	100,000	100,000	-	-	500,000	660,000
Accrued Investment Income	143,645	94,542	4,362	783	179,024	126,463	142,673	157,117
Other Assets	130,325	221,304	-	-	474,592	1,119,471	-	-
Total Unrestricted Assets	33,020,798	33,785,438	1,652,850	1,691,815	37,658,015	38,836,124	48,840,874	49,350,382
Restricted Assets:								
Statutory Deposits in New York or Other States	1,432,583	11,405,376	-	-	-	-	-	-
Other Restricted Assets	1,712,215	1,717,187	-	-	-	-	2,509,048	2,932,519
Total Restricted Assets	3,144,798	13,122,563	-	-	-	-	2,509,048	2,932,519
Total Assets	$ 36,165,596	$ 46,908,001	$ 1,652,850	$ 1,691,815	$ 37,658,015	$ 38,836,124	$ 51,349,922	$ 52,282,901

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF ESTATES' ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Assets	INSCORP 12/31/2018	INSCORP 12/31/2017	MIDLAND 12/31/2018	MIDLAND 12/31/2017	PLICA	Elimination of IBNR 12/31/2018	PLICA (Adjusted)
Unrestricted Assets:							
Cash and Cash Equivalents	$ 1,491,337	$ 1,157,839	$ 1,494,661	$ 5,273,655	$ 394,961	$ -	$ 394,961
Invested Assets:							
Bonds, at fair market value	13,635,714	21,896,988	361,061,776	354,122,674	15,235,589	-	15,235,589
Common Stocks, Unaffiliated at fair market value	-	-	-	-	-	-	-
Investment in Subsidiary	-	-	-	-	-	-	-
Limited Partnerships	-	-	-	-	-	-	-
Real Estate	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Total Invested Assets	13,635,714	21,896,988	361,061,776	354,122,674	15,235,589	-	15,235,589
Total Cash, Cash Equivalents, and Invested Assets (unrestricted)	15,127,051	23,054,827	362,556,437	359,396,329	15,630,550	-	15,630,550
Reinsurance Recoverables on Paid Losses and LAE	25,294,526	27,953,193	111,791,095	134,402,952	-	-	-
Less: Allowance for Uncollectible Reinsurance Recoverables	(23,928,066)	(26,134,204)	(111,166,892)	(133,672,139)	-	-	-
Net Reinsurance Recoverables on Paid Losses and LAE	1,366,460	1,818,989	624,203	730,813	-	-	-
Reinsurance Recoverables on Unpaid Losses and LAE	119,572	1,703,686	14,895,843	13,788,149	-	-	-
Less: Allowance for Uncollectible Reinsurance Recoverables	(109,990)	(1,583,533)	(14,810,241)	(13,711,607)	-	-	-
Net Reinsurance Recoverables on Unpaid Losses and LAE	9,582	120,153	85,602	76,542	-	-	-
Amounts Recoverable from Federal Reinsurance	-	-	-	-	-	-	-
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	-	-	-
Net Amount Recoverable from Federal Reinsurance	-	-	-	-	-	-	-
Accrued Retrospective Premiums Receivable-Risk Corridors	-	-	-	-	-	-	-
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	-	-	-
Net Accrued Retrospective Premiums Receivable	-	-	-	-	-	-	-
Receivables from Others	447,565	447,565	3,000,000	3,260,000	-	-	-
Accrued Investment Income	50,584	77,456	1,579,969	1,399,067	50,502	-	50,502
Other Assets	464,000	464,000	-	-	-	-	-
Total Unrestricted Assets	17,465,242	25,982,990	367,846,211	364,862,751	15,681,052	-	15,681,052
Restricted Assets:							
Statutory Deposits in New York or Other States	103,415	231,290	-	-	-	-	-
Other Restricted Assets	1,656,572	1,569,517	1,053,518	1,525,055	-	-	-
Total Restricted Assets	1,759,987	1,800,807	1,053,518	1,525,055	-	-	-
Total Assets	$ 19,225,229	$ 27,783,797	$ 368,899,729	$ 366,387,806	$ 15,681,052	$ -	$ 15,681,052

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF ESTATES' ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Assets	PLICA	Elimination of IBNR	PLICA (Adjusted)	REALM NATIONAL		TOUCHSTONE	
		12/31/2017		12/31/2018	12/31/2017	12/31/2018	12/31/2017
Unrestricted Assets:							
Cash and Cash Equivalents	$ 987,658	$ -	$ 987,658	$ 544,919	$ 413,103	$ 484,934	$ -
Invested Assets:							
Bonds, at fair market value	14,862,803	-	14,862,803	-	-	6,210,484	-
Common Stocks, Unaffiliated at fair market value	-	-	-	-	-	-	-
Investment in Subsidiary	-	-	-	-	-	-	-
Limited Partnerships	-	-	-	-	-	-	-
Real Estate	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Total Invested Assets	14,862,803	-	14,862,803	-	-	6,210,484	-
Total Cash, Cash Equivalents, and Invested Assets (unrestricted)	15,850,461	-	15,850,461	544,919	413,103	6,695,418	-
Reinsurance Recoverables on Paid Losses and LAE	-	-	-	7,382,661	7,700,709	-	-
Less: Allowance for Uncollectible Reinsurance Recoverables	-	-	-	(7,382,661)	(7,700,709)	-	-
Net Reinsurance Recoverables on Paid Losses and LAE	-	-	-	-	-	-	-
Reinsurance Recoverables on Unpaid Losses and LAE	-	-	-	155,997	155,997	-	-
Less: Allowance for Uncollectible Reinsurance Recoverables	-	-	-	(155,997)	(155,997)	-	-
Net Reinsurance Recoverables on Unpaid Losses and LAE	-	-	-	-	-	-	-
Amounts Recoverable from Federal Reinsurance	-	-	-	-	-	-	-
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	-	-	-
Net Amount Recoverable from Federal Reinsurance	-	-	-	-	-	-	-
Accrued Retrospective Premiums Receivable-Risk Corridors	-	-	-	-	-	-	-
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	-	-	-
Net Accrued Retrospective Premiums Receivable	-	-	-	-	-	-	-
Receivables from Others	-	-	-	-	-	-	-
Accrued Investment Income	63,801	-	63,801	-	-	8,420	-
Other Assets	-	-	-	160,956	160,956	-	-
Total Unrestricted Assets	15,914,262	-	15,914,262	705,875	574,059	6,703,838	-
Restricted Assets:							
Statutory Deposits in New York or Other States	1,252,776	-	1,252,776	-	205,000	-	-
Other Restricted Assets	-	-	-	-	-	-	-
Total Restricted Assets	1,252,776	-	1,252,776	-	205,000	-	-
Total Assets	$ 17,167,038	$ -	$ 17,167,038	$ 705,875	$ 779,059	$ 6,703,838	$ -

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF ESTATES' ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Assets	UNION INDEMNITY		CLOSED ESTATES		ESTATE TOTALS	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Unrestricted Assets:						
Cash and Cash Equivalents	$ 695,656	$ 749,987	$ -	$ -	$ 12,231,884	$ 20,349,064
Invested Assets:						
Bonds, at fair market value	21,672,113	18,409,226	-	-	688,013,503	671,856,641
Common Stocks, Unaffiliated at fair market value	-	-	-	-	-	163,411
Investment in Subsidiary	-	-	-	-	388,865	544,446
Limited Partnerships	-	-	-	-	-	-
Real Estate	-	-	-	-	-	386,206
Buildings	-	-	-	-	-	3,213,794
Total Invested Assets	21,672,113	18,409,226	-	-	688,402,368	676,164,498
Total Cash, Cash Equivalents, and Invested Assets (unrestricted)	22,367,769	19,159,213	-	-	700,634,252	696,513,562
Reinsurance Recoverables on Paid Losses and LAE	9,841,190	40,306,322	-	303,658	269,458,542	325,561,468
Less: Allowance for Uncollectible Reinsurance Recoverables	(9,841,190)	(40,306,322)	-	(303,658)	(264,043,911)	(319,656,896)
Net Reinsurance Recoverables on Paid Losses and LAE	-	-	-	-	5,414,631	5,904,572
Reinsurance Recoverables on Unpaid Losses and LAE	-	1,117,885	-	754,360	83,233,598	106,412,337
Less: Allowance for Uncollectible Reinsurance Recoverables	-	(1,117,885)	-	(754,360)	(71,176,201)	(90,704,176)
Net Reinsurance Recoverables on Unpaid Losses and LAE	-	-	-	-	12,057,397	15,708,161
Amounts Recoverable from Federal Reinsurance	-	-	-	-	51,736,709	51,736,709
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	(51,736,709)	(51,736,709)
Net Amount Recoverable from Federal Reinsurance	-	-	-	-	-	-
Accrued Retrospective Premiums Receivable-Risk Corridors	-	-	-	-	445,134,282	445,134,282
Less: Reserve for Retrospective Premiums Receivable	-	-	-	-	(445,134,282)	(445,134,282)
Net Accrued Retrospective Premiums Receivable	-	-	-	-	-	-
Receivables from Others	400,000	470,000	-	-	4,448,384	4,938,384
Accrued Investment Income	54,866	51,469	-	-	2,875,618	2,636,962
Other Assets	-	-	-	-	5,876,335	4,608,589
Total Unrestricted Assets	22,822,635	19,680,682	-	-	731,306,617	730,310,230
Restricted Assets:						
Statutory Deposits in New York or Other States	-	-	-	-	12,215,620	23,934,513
Other Restricted Assets	3,656,299	6,179,299	-	31,832	26,830,063	30,082,359
Total Restricted Assets	3,656,299	6,179,299	-	31,832	39,045,683	54,016,872
Total Assets	$ 26,478,934	$ 25,859,981	$ -	$ 31,832	$ 770,352,300	$ 784,327,102

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' LIABILITIES AND (DEFICIT) SURPLUS OF ASSETS OVER LIABILITIES - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Liabilities	AMERICAN MEDICAL		ATLANTIC MUTUAL		CENTENNIAL	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Secured Claims	$ -	$ -	$ 3,650,084	$ 3,696,695	$ 1,089,481	$ 1,087,931
Unsecured Claims:						
Class One - Administrative Claims	13,701	11,441	762,083	612,566	493,219	373,800
Class Two - Claims and Related Costs:						
Allowed	-	-	66,072,621	62,306,035	54,321,923	47,141,212
Non Allowed	225	225	182,361,339	185,033,188	107,117,004	121,546,613
IBNR	-	-	-	-	-	-
Total Class Two - Claims and Related Costs	225	225	248,433,960	247,339,223	161,438,927	168,687,825
Class Three - Federal Government Claims	-	-	39,418,405	39,418,405	6,839,598	6,839,598
Class Four - Employee Claims	2,400	2,400	-	-	-	-
Class Five - State and Local Government Claims	338,456	338,997	3,698,287	3,698,287	2,501,026	2,501,026
Class Six - General Creditor Claims	3,803,949	2,087,421	8,313,144	9,825,660	3,230,552	18,235,972
Class Seven - Late Filed Claims	-	-	10,000	-	500,000	500,000
Class Eight - Section 1307 (Shareholder) Loans	-	-	159,398,946	159,398,946	-	-
Class Nine - Shareholder Claims	5,000,000	5,000,000	-	-	-	-
Total Liabilities	9,158,731	7,440,484	463,684,909	463,989,782	176,092,803	198,226,152
Other Post-Employment Benefits Liability	71,637	39,522	2,897,905	2,720,549	1,780,071	1,638,003
(Deficit) Surplus of Assets over Liabilities	(7,245,620)	(5,235,691)	(360,416,750)	(357,182,010)	(129,744,355)	(151,694,734)
Total Liabilities and (Deficit) Surplus of Assets over Liabilities	$ 1,984,748	$ 2,244,315	$ 106,166,064	$ 109,528,321	$ 48,128,519	$ 48,169,421

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' LIABILITIES AND (DEFICIT) SURPLUS OF ASSETS OVER LIABILITIES - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Liabilities	**CUATRO**		**DRIVERS**		**EVEREADY**	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**	**12/31/2018**	**12/31/2017**
Secured Claims	$ 25,357	$ -	$ -	$ -	$ -	$ -
Unsecured Claims:						
Class One - Administrative Claims	29,692	-	32,861	20,631	31,214	17,317
Class Two - Claims and Related Costs:						
Allowed	-	-	1,416,600	3,697,635	15,659,315	15,904,817
Non Allowed	10,452,908	-	-	224,037	10,482,353	8,869,273
IBNR	-	-	-	-	-	-
Total Class Two - Claims and Related Costs	10,452,908	-	1,416,600	3,921,672	26,141,668	24,774,090
Class Three - Federal Government Claims	132,393	-	-	-	5,857	5,857
Class Four - Employee Claims	-	-	-	-	-	-
Class Five - State and Local Government Claims	-	-	14,045	14,045	573,094	573,094
Class Six - General Creditor Claims	2,797,767	-	57,539	57,539	955,681	955,681
Class Seven - Late Filed Claims	-	-	-	-	-	-
Class Eight - Section 1307 (Shareholder) Loans	-	-	-	-	-	-
Class Nine - Shareholder Claims	-	-	-	-	-	-
Total Liabilities	13,438,117	-	1,521,045	4,013,887	27,707,514	26,326,039
Other Post-Employment Benefits Liability	16,300	-	-	-	143,798	134,313
(Deficit) Surplus of Assets over Liabilities	(8,197,229)	-	(3,344,921)	(3,142,059)	(24,781,365)	(25,896,003)
Total Liabilities and (Deficit) Surplus of Assets over Liabilities	$ 5,257,188	$ -	$ 714,817	$ 871,828	$ 531,254	$ 564,349

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' LIABILITIES AND (DEFICIT) SURPLUS OF ASSETS OVER LIABILITIES - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Liabilities	FIDUCIARY		FIRST CENTRAL		FRONTIER	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Secured Claims	$ -	$ -	$ -	$ 7,740	$ 1,712,215	$ 1,717,187
Unsecured Claims:						
Class One - Administrative Claims	270,782	178,601	13,185	17,571	1,178,247	1,052,231
Class Two - Claims and Related Costs:						
Allowed	4,244,240	561,023	78,780,220	78,780,220	146,727,222	133,470,274
Non Allowed	158,989,903	109,098,373	-	-	54,547,849	78,647,014
IBNR	-	-	-	-	-	-
Total Class Two - Claims and Related Costs	163,234,143	109,659,396	78,780,220	78,780,220	201,275,071	212,117,288
Class Three - Federal Government Claims	-	-	-	-	-	-
Class Four - Employee Claims	1,200	1,206	-	-	-	-
Class Five - State and Local Government Claims	1,832,190	-	874,434	874,434	10,060,199	10,060,199
Class Six - General Creditor Claims	581,090	221,015	1,763,389	1,763,389	22,773,835	37,883,257
Class Seven - Late Filed Claims	-	-	-	-	9	9
Class Eight - Section 1307 (Shareholder) Loans	992,197	992,197	-	-	-	-
Class Nine - Shareholder Claims	-	-	1	1	10,584	10,584
Total Liabilities	166,911,602	111,052,415	81,431,229	81,443,355	237,010,160	262,840,755
Other Post-Employment Benefits Liability	504,728	183,915	-	-	3,159,367	3,209,875
(Deficit) Surplus of Assets over Liabilities	(131,813,309)	(74,424,442)	(73,985,580)	(73,034,729)	(204,003,931)	(219,142,629)
Total Liabilities and (Deficit) Surplus of Assets over Liabilities	$ 35,603,021	$ 36,811,888	$ 7,445,649	$ 8,408,626	$ 36,165,596	$ 46,908,001

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' LIABILITIES AND (DEFICIT) SURPLUS OF ASSETS OVER LIABILITIES - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Liabilities	**GROUP COUNCIL**		**HEALTH REPUBLIC**		**IDEAL MUTUAL**	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**	**12/31/2018**	**12/31/2017**
Secured Claims	$ -	$ -	$ -	$ -	$ 2,422,695	$ 2,846,166
Unsecured Claims:						
Class One - Administrative Claims	29,101	27,496	179,376	703,721	1,345,756	907,299
Class Two - Claims and Related Costs:						
Allowed	242,617,258	242,553,286	-	-	262,343,195	260,478,535
Non Allowed	6,981,136	11,450,077	217,950,494	213,780,023	27,256,603	24,651,095
IBNR	-	-	-	-	-	-
Total Class Two - Claims and Related Costs	249,598,394	254,003,363	217,950,494	213,780,023	289,599,798	285,129,630
Class Three - Federal Government Claims	-	-	197,571,069	197,571,069	-	-
Class Four - Employee Claims	4,425	4,425	-	-	-	-
Class Five - State and Local Government Claims	22,828	22,828	19,159,690	19,159,690	280,887	280,887
Class Six - General Creditor Claims	56,202,748	56,202,748	5,627,157	4,980,551	57,863,633	66,132,030
Class Seven - Late Filed Claims	-	-	-	-	70,902,912	70,962,026
Class Eight - Section 1307 (Shareholder) Loans	-	-	264,966,400	264,966,400	-	-
Class Nine - Shareholder Claims	-	-	-	-	-	-
Total Liabilities	305,857,496	310,260,860	705,454,186	701,161,454	422,415,681	426,258,038
Other Post-Employment Benefits Liability	558,021	557,498	489,436	336,937	8,654,217	9,081,562
(Deficit) Surplus of Assets over Liabilities	(304,762,667)	(309,126,543)	(668,285,607)	(662,662,267)	(379,719,976)	(383,056,699)
Total Liabilities and (Deficit) Surplus of Assets over Liabilities	$ 1,652,850	$ 1,691,815	$ 37,658,015	$ 38,836,124	$ 51,349,922	$ 52,282,901

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' LIABILITIES AND (DEFICIT) SURPLUS OF ASSETS OVER LIABILITIES - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Liabilities	INSCORP 12/31/2018	INSCORP 12/31/2017	MIDLAND 12/31/2018	MIDLAND 12/31/2017
Secured Claims	$ 688,991	$ 1,348,853	$ 1,008,987	$ 1,480,524
Unsecured Claims:				
Class One - Administrative Claims	361,885	219,064	3,532,920	2,405,741
Class Two - Claims and Related Costs:				
Allowed	12,912,418	20,787,651	1,269,013,460	1,260,750,898
Non Allowed	4,384,773	6,460,267	125,372,593	129,220,490
IBNR	-	-	-	-
Total Class Two - Claims and Related Costs	17,297,191	27,247,918	1,394,386,053	1,389,971,388
Class Three - Federal Government Claims	-	-	-	-
Class Four - Employee Claims	-	-	-	-
Class Five - State and Local Government Claims	1,516,794	1,516,794	8,317,575	8,317,575
Class Six - General Creditor Claims	70,556,427	69,252,552	118,637,162	179,740,621
Class Seven - Late Filed Claims	-	-	169,550,639	169,550,639
Class Eight - Section 1307 (Shareholder) Loans	-	-	-	-
Class Nine - Shareholder Claims	107,467,599	107,467,599	-	-
Total Liabilities	197,888,887	207,052,780	1,695,433,336	1,751,466,488
Other Post-Employment Benefits Liability	2,071,735	2,056,009	16,366,243	17,342,877
(Deficit) Surplus of Assets over Liabilities	(180,735,393)	(181,324,992)	(1,342,899,850)	(1,402,421,559)
Total Liabilities and (Deficit) Surplus of Assets over Liabilities	$ 19,225,229	$ 27,783,797	$ 368,899,729	$ 366,387,806

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' LIABILITIES AND (DEFICIT) SURPLUS OF ASSETS OVER LIABILITIES - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Liabilities	PLICA	Elimination of IBNR 12/31/2018	PLICA (Adjusted)	PLICA	Elimination of IBNR 12/31/2017	PLICA (Adjusted)
Secured Claims	$ -	$ -	$ -	$ -	$ -	$ -
Unsecured Claims:						
Class One - Administrative Claims	53,696	-	53,696	85,130	-	85,130
Class Two - Claims and Related Costs:						
Allowed	200,001	-	200,001	1,266,045	-	1,266,045
Non Allowed	1,180,432	-	1,180,432	1,144,121	-	1,144,121
IBNR	-	-	-	11,435,000	(11,435,000)	-
Total Class Two - Claims and Related Costs	1,380,433	-	1,380,433	13,845,166	(11,435,000)	2,410,166
Class Three - Federal Government Claims	-	-	-	-	-	-
Class Four - Employee Claims	-	-	-	-	-	-
Class Five - State and Local Government Claims	59,395	-	59,395	59,395	-	59,395
Class Six - General Creditor Claims	126,101	-	126,101	221,386	-	221,386
Class Seven - Late Filed Claims	-	-	-	-	-	-
Class Eight - Section 1307 (Shareholder) Loans	-	-	-	-	-	-
Class Nine - Shareholder Claims	12,998,356	-	12,998,356	1,938,891	-	13,737,873
Total Liabilities	14,617,981	-	14,617,981	16,149,968	(11,435,000)	16,513,950
Other Post-Employment Benefits Liability	1,063,071	-	1,063,071	1,017,070	-	1,017,070
(Deficit) Surplus of Assets over Liabilities	-	-	-	-	11,435,000	(363,982)
Total Liabilities and (Deficit) Surplus of Assets over Liabilities	$ 15,681,052	$ -	$ 15,681,052	$ 17,167,038	$ -	$ 17,167,038

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' LIABILITIES AND (DEFICIT) SURPLUS OF ASSETS OVER LIABILITIES - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Liabilities	REALM NATIONAL		TOUCHSTONE		UNION INDEMNITY	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Secured Claims	$ -	$ -	$ -	$ -	$ 3,819,284	$ 6,342,284
Unsecured Claims:						
Class One - Administrative Claims	11,299	23,492	51,733	-	407,317	400,759
Class Two - Claims and Related Costs:						
Allowed	85,546,808	85,654,912	-	-	177,354,226	177,346,778
Non Allowed	-	-	10,284,608	-	352,445	136,075
IBNR	-	-	-	-	-	-
Total Class Two - Claims and Related Costs	85,546,808	85,654,912	10,284,608	-	177,706,671	177,482,853
Class Three - Federal Government Claims	-	-	-	-	137,245	137,245
Class Four - Employee Claims	2,616	2,616	-	-	-	-
Class Five - State and Local Government Claims	61,013	61,013	9,190	-	71,337	71,337
Class Six - General Creditor Claims	18,654,069	18,743,936	7,160,723	-	96,058,442	161,040,254
Class Seven - Late Filed Claims	401	401	-	-	68,826,987	69,488,205
Class Eight - Section 1307 (Shareholder) Loans	-	-	10,639,750	-	-	-
Class Nine - Shareholder Claims	-	-	54,653,626	-	-	-
Total Liabilities	104,276,206	104,486,370	82,799,630	-	347,027,283	414,962,937
Other Post-Employment Benefits Liability			36,935		4,199,884	4,210,635
(Deficit) Surplus of Assets over Liabilities	(103,570,331)	(103,707,311)	(76,132,727)	-	(324,748,233)	(393,313,591)
Total Liabilities and (Deficit) Surplus of Assets over Liabilities	$ 705,875	$ 779,059	$ 6,703,838	$ -	$ 26,478,934	$ 25,859,981

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' LIABILITIES AND (DEFICIT) SURPLUS OF ASSETS OVER LIABILITIES - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2018 AND 2017

Liabilities	CLOSED ESTATES		ESTATE TOTALS	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Secured Claims	$ -	$ 31,832	14,417,094	$ 18,559,212
Unsecured Claims:				
Class One - Administrative Claims	-	-	8,798,067	7,056,860
Class Two - Claims and Related Costs:				
Allowed	-	17,962,193	2,417,209,507	2,408,661,514
Non Allowed	-	222	917,714,665	890,261,093
IBNR	-	-	-	-
Total Class Two - Claims and Related Costs	-	17,962,415	3,334,924,172	3,298,922,607
Class Three - Federal Government Claims	-	14,976	244,104,567	243,987,150
Class Four - Employee Claims	-	-	10,641	10,647
Class Five - State and Local Government Claims	-	87,611	49,390,440	47,637,212
Class Six - General Creditor Claims	-	10,408,344	475,163,408	637,752,356
Class Seven - Late Filed Claims	-	9,973,857	309,790,948	320,475,137
Class Eight - Section 1307 (Shareholder) Loans	-	-	435,997,293	425,357,543
Class Nine - Shareholder Claims	-	9	180,130,166	126,216,066
Total Liabilities	-	38,479,044	5,052,726,796	5,125,974,790
Other Post-Employment Benefits Liability	-	-	42,013,348	42,528,765
(Deficit) Surplus of Assets over Liabilities	-	(38,447,212)	(4,324,387,844)	(4,384,176,453)
Total Liabilities and (Deficit) Surplus of Assets over Liabilities	$ -	$ 31,832	$ 770,352,300	$ 784,327,102

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN CASH, CASH EQUIVALENTS AND INVESTED ASSETS (UNRESTRICTED) - MODIFIED CASH BASIS
DEC 31, 2018 AND 2017

	AMERICAN MEDICAL		ATLANTIC MUTUAL		CENTENNIAL		CUATRO	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Receipts:								
Net Investment Income Received	$ 12,293	$ 9,822	$ 1,309,920	$ 1,102,373	$ 651,804	$ 555,709	$ 7,812	$ -
Reinsurance Recovered	-	-	168,528	9,482,770	829,269	2,286,482	-	-
Premiums Collected	-	-	-	-	-	-	-	-
Salvage and Subrogation Recoveries	-	5,000	1,044,344	423,938	535,890	701,316	-	-
Reimbursement from Central Disbursement Account	-	-	-	-	-	-	-	-
Release from Statutory Deposits	109,101	1,851,948	-	1,300,214	2,261,673	389,712	-	-
Transfer from Segregated Accounts	-	-	103,941	922,410	-	-	-	-
Miscellaneous	7,459	254,158	7,095	235,150	527	548	2,092	-
Total Receipts	128,853	2,120,928	2,633,828	13,466,855	4,279,163	3,933,767	9,904	-
Disbursements:								
Distributions	-	-	3,236,233	1,986,719	-	-	-	-
Release of Funds to Non-New York Liquidator	-	-	-	-	-	-	-	-
Transfer to Segregated Accounts	-	-	-	128,845	-	-	25,357	-
Loss/Return Premiums	-	-	-	-	-	-	-	-
Loss Adjustment Expense	-	-	-	-	6,903	-	-	-
Salaries	102,912	114,514	931,246	1,140,680	672,506	810,610	40,674	-
Employee Relations & Welfare	67,355	81,969	589,499	757,000	412,287	541,348	22,753	-
Rent and Related Expenses	31,126	41,721	483,323	596,067	187,328	253,100	10,143	-
Professional Fees	38,478	21,775	86,989	106,854	78,033	85,677	31,686	-
General and Administrative Expenses	15,906	29,196	158,914	74,735	113,359	49,862	14,236	-
Salvage and Subrogation Fees	-	-	5,209	118,082	1,555	533	-	-
Large Deductible	-	-	220,256	659,845	-	-	-	-
Miscellaneous	26,070	11,313	165,754	168,202	101,348	95,901	15,954	-
Total Disbursements	281,847	300,488	5,877,423	5,737,029	1,573,319	1,837,031	160,803	-
Net Disbursements Over Receipts	(152,994)	1,820,440	(3,243,595)	7,729,826	2,705,844	2,096,736	(150,899)	-
Cash, Cash Equivalents, and Invested Assets (Unrestricted), Beginning of Year	1,838,487	-	80,420,690	73,176,177	36,475,790	34,492,723	-	-
Opening Cash, Cash Equivalents, and Invested Assets (Unrestricted), of New Estates	-	19,264	-	-	-	-	3,151,816	-
Closed Estates - Cash	-	-	-	-	-	-	-	-
Realized Loss on Sale of Real Estate	-	-	-	-	-	-	-	-
Unrealized Gain / (Loss) on Investments	1,476	(1,217)	(215,924)	(485,313)	(67,452)	(113,669)	3,193	-
Cash, Cash Equivalents, and Invested Assets (Unrestricted), End of Year	$ 1,686,969	$ 1,838,487	$ 76,961,171	$ 80,420,690	$ 39,114,182	$ 36,475,790	$ 3,004,110	$ -

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN CASH, CASH EQUIVALENTS AND INVESTED ASSETS (UNRESTRICTED) - MODIFIED CASH BASIS
DEC 31, 2018 AND 2017

	DRIVERS		EVEREADY		FIDUCIARY		FIRST CENTRAL	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Receipts:								
Net Investment Income Received	$ 3	$ 9,644	$ 8,464	$ 8,314	$ 683,538	$ 363,057	$ 1,032	$ 735
Reinsurance Recovered	-	-	-	-	-	-	445,128	1,170,680
Premiums Collected	-	-	-	-	(97)	97	-	-
Salvage and Subrogation Recoveries	-	189	34,017	45,914	512,488	569,647	53,492	-
Reimbursement from Central Disbursement Account	-	-	-	-	-	-	-	-
Release from Statutory Deposits	-	-	-	-	-	756,096	-	-
Transfer from Segregated Accounts	-	-	-	-	-	-	-	-
Miscellaneous	-	6,782	619	3,477	295,969	32,939	-	255
Total Receipts	3	16,615	43,100	57,705	1,491,898	1,721,836	499,652	1,171,670
Disbursements:								
Distributions	-	-	-	-	-	-	-	-
Release of Funds to Non-New York Liquidator	-	-	-	-	-	-	-	-
Transfer to Segregated Accounts	-	-	-	-	-	-	-	-
Loss/Return Premiums	-	-	-	-	-	-	-	-
Loss Adjustment Expense	-	-	-	-	-	-	-	-
Salaries	59,383	128,672	35,382	86,629	1,120,656	614,567	38,063	44,933
Employee Relations & Welfare	35,437	153,600	-	-	481,662	296,752	26,088	30,038
Rent and Related Expenses	17,015	41,527	-	-	216,911	113,919	68,689	89,219
Professional Fees	30,310	38,394	24,917	37,276	457,688	125,445	29,279	32,595
General and Administrative Expenses	10,524	8,374	4,492	4,239	306,880	75,612	6,314	3,627
Salvage and Subrogation Fees	-	38	6,680	18,152	16,273	22,213	-	-
Large Deductible	-	-	-	-	-	-	-	-
Miscellaneous	4,345	10,059	293	293	84,017	15,029	3,728	5,358
Total Disbursements	157,014	380,664	71,764	146,589	2,684,087	1,263,537	172,161	205,770
Net Disbursements Over Receipts	(157,011)	(364,049)	(28,664)	(88,884)	(1,192,189)	458,299	327,491	965,900
Cash, Cash Equivalents, and Invested Assets (Unrestricted), Beginning of Year	871,828	1,233,761	564,349	670,212	35,824,497	-	1,795,910	830,010
Opening Cash, Cash Equivalents, and Invested Assets (Unrestricted), of New Estates	-	-	-	-	-	35,696,429	-	-
Closed Estates - Cash	-	-	-	-	-	-	-	-
Realized Loss on Sale of Real Estate	-	-	-	-	-	-	-	-
Unrealized Gain / (Loss) on Investments	-	2,116	(4,431)	(16,979)	(275,726)	(330,231)	-	-
Cash, Cash Equivalents, and Invested Assets (Unrestricted), End of Year	$ 714,817	$ 871,828	$ 531,254	$ 564,349	$ 34,356,582	$ 35,824,497	$ 2,123,401	$ 1,795,910

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN CASH, CASH EQUIVALENTS AND INVESTED ASSETS (UNRESTRICTED) - MODIFIED CASH BASIS
DEC 31, 2018 AND 2017

	FRONTIER		GROUP COUNCIL		HEALTH REPUBLIC		IDEAL MUTUAL	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Receipts:								
Net Investment Income Received	$ 431,083	$ 327,841	$ 20,191	$ 12,566	$ 672,176	$ 430,013	$ 894,195	$ 486,159
Reinsurance Recovered	878,923	1,412,205	-	-	-	-	589,905	311,218
Premiums Collected	7,679	10,516	-	-	-	-	-	-
Salvage and Subrogation Recoveries	4,935	7,240	-	-	-	-	-	-
Reimbursement from Central Disbursement Account	-	-	-	-	-	-	-	-
Release from Statutory Deposits	-	1,302,614	-	-	-	-	-	-
Transfer from Segregated Accounts	89,670	-	-	-	-	-	-	-
Miscellaneous	145,214	360,012	-	-	455,088	861,628	-	-
Total Receipts	1,557,504	3,420,428	20,191	12,566	1,127,264	1,291,641	1,484,100	797,377
Disbursements:								
Distributions	-	-	-	-	-	-	754,170	615,962
Release of Funds to Non-New York Liquidator	-	-	-	-	-	-	-	-
Transfer to Segregated Accounts	-	-	-	-	-	-	-	-
Loss/Return Premiums	-	-	-	-	-	-	-	-
Loss Adjustment Expense	-	-	-	-	353,576	-	-	-
Salaries	471,582	503,157	10,905	21,136	442,395	724,197	387,027	424,429
Employee Relations & Welfare	293,201	349,414	6,976	15,109	279,012	475,318	243,120	287,888
Rent and Related Expenses	365,310	380,762	14,944	21,797	137,878	245,253	280,551	353,192
Professional Fees	243,293	222,031	28,059	32,776	599,480	2,752,946	50,189	59,564
General and Administrative Expenses	124,738	102,495	2,555	1,926	172,054	214,825	64,840	26,416
Salvage and Subrogation Fees	-	154	-	-	-	-	-	-
Large Deductible	-	-	-	-	-	-	-	-
Miscellaneous	841,444	775,529	3,224	3,719	53,565	237,558	76,832	75,274
Total Disbursements	2,339,568	2,333,542	66,663	96,463	2,037,960	4,650,097	1,856,729	1,842,725
Net Disbursements Over Receipts	(782,064)	1,086,886	(46,472)	(83,897)	(910,696)	(3,358,456)	(372,629)	(1,045,348)
Cash, Cash Equivalents, and Invested Assets (Unrestricted), Beginning of Year	33,354,686	33,688,067	1,591,032	1,674,199	37,590,190	40,940,922	48,312,170	49,395,702
Opening Cash, Cash Equivalents, and Invested Assets (Unrestricted), of New Estates	-	-	-	-	-	-	-	-
Closed Estates - Cash	-	-	-	-	-	-	-	-
Realized Loss on Sale of Real Estate	(1,865,555)	-	-	-	-	-	-	-
Unrealized Gain / (Loss) on Investments	1,967,227	(1,420,267)	3,928	730	324,905	7,724	52,900	(38,184)
Cash, Cash Equivalents, and Invested Assets (Unrestricted), End of Year	$ 32,674,294	$ 33,354,686	$ 1,548,488	$ 1,591,032	$ 37,004,399	$ 37,590,190	$ 47,992,441	$ 48,312,170

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN CASH, CASH EQUIVALENTS AND INVESTED ASSETS (UNRESTRICTED) - MODIFIED CASH BASIS
DEC 31, 2018 AND 2017

	INSCORP		MIDLAND		PLICA		REALM NATIONAL	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Receipts:								
Net Investment Income Received	$ 308,878	$ 231,810	$ 6,562,882	$ 4,635,757	$ 259,631	$ 175,042	$ 2,106	$ 9,255
Reinsurance Recovered	2,686,030	2,580,260	2,491,099	5,258,024	-	-	228,180	55,500
Premiums Collected	-	-	-	-	-	-	-	-
Salvage and Subrogation Recoveries	175	172	2,205	-	-	-	-	-
Reimbursement from Central Disbursement Account	-	-	-	-	-	-	-	300,000
Release from Statutory Deposits	131,113	-	-	-	1,275,772	-	96,896	-
Transfer from Segregated Accounts	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	541	-	143
Total Receipts	3,126,196	2,812,242	9,056,186	9,893,781	1,535,403	175,583	327,182	364,898
Disbursements:								
Distributions	9,172,749	424,938	2,631,183	5,009,762	1,631,441	-	-	1,693,617
Release of Funds to Non-New York Liquidator	-	-	-	-	-	-	-	-
Transfer to Segregated Accounts	746,916	-	-	-	-	-	-	-
Loss/Return Premiums	-	-	-	-	-	-	-	-
Loss Adjustment Expense	-	-	21,248	81,480	-	-	-	-
Salaries	457,256	524,584	1,132,965	1,116,232	44,497	42,979	66,010	127,479
Employee Relations & Welfare	276,613	332,804	726,019	767,306	28,650	27,162	36,654	1,642,005
Rent and Related Expenses	223,223	267,405	529,078	612,424	21,867	24,211	43,614	70,281
Professional Fees	52,567	67,705	221,640	644,607	31,391	33,655	30,888	36,670
General and Administrative Expenses	74,408	53,069	185,404	70,090	7,946	3,155	11,334	8,004
Salvage and Subrogation Fees	-	-	-	-	-	-	-	-
Large Deductible	-	-	-	-	-	-	-	-
Miscellaneous	61,960	55,304	418,766	408,445	18,217	19,321	6,866	10,018
Total Disbursements	11,065,692	1,725,809	5,866,303	8,710,346	1,784,009	150,483	195,366	3,588,074
Net Disbursements Over Receipts	(7,939,496)	1,086,433	3,189,883	1,183,435	(248,606)	25,100	131,816	(3,223,176)
Cash, Cash Equivalents, and Invested Assets (Unrestricted), Beginning of Year	23,054,827	22,077,368	359,396,329	358,818,799	15,850,461	15,847,877	413,103	3,635,979
Opening Cash, Cash Equivalents, and Invested Assets (Unrestricted), of New Estates	-	-	-	-	-	-	-	-
Closed Estates - Cash	-	-	-	-	-	-	-	-
Realized Loss on Sale of Real Estate	-	-	-	-	-	-	-	-
Unrealized Gain / (Loss) on Investments	11,720	(108,974)	(29,775)	(605,905)	28,695	(22,516)	-	300
Cash, Cash Equivalents, and Invested Assets (Unrestricted), End of Year	$ 15,127,051	$ 23,054,827	$ 362,556,437	$ 359,396,329	$ 15,630,550	$ 15,850,461	$ 544,919	$ 413,103

THE DOMESTIC ESTATES IN LIQUIDATION
COMBINING SCHEDULES OF THE ESTATES' CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN CASH, CASH EQUIVALENTS AND INVESTED ASSETS (UNRESTRICTED) - MODIFIED CASH BASIS
DEC 31, 2018 AND 2017

	TOUCHSTONE		UNION INDEMNITY		CLOSED ESTATES		ESTATE TOTALS	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Receipts:								
Net Investment Income Received	$ 58,359	$ -	$ 361,821	$ 203,622	$ -	$ 5,499	$ 12,246,188	$ 8,567,218
Reinsurance Recovered	-	-	3,723,360	4,019	-	950,619	12,040,422	23,511,777
Premiums Collected	-	-	-	-	-	1,170	7,582	11,783
Salvage and Subrogation Recoveries	-	-	-	-	-	-	2,187,546	1,753,416
Reimbursement from Central Disbursement Account	-	-	-	-	-	105,000	-	405,000
Release from Statutory Deposits	-	-	-	-	-	-	3,874,555	5,600,584
Transfer from Segregated Accounts	-	-	-	-	-	32,796	193,611	955,206
Miscellaneous	166	-	-	-	-	1,032,383	914,229	2,788,016
Total Receipts	58,525	-	4,085,181	207,641	-	2,127,467	31,464,133	43,593,000
Disbursements:								
Distributions	-	-	3,586	9,217	-	6,696,586	17,429,362	16,436,801
Release of Funds to Non-New York Liquidator	-	-	-	-	-	-	-	-
Transfer to Segregated Accounts	-	-	-	-	-	-	772,273	128,845
Loss/Return Premiums	-	-	-	-	-	-	-	-
Loss Adjustment Expense	-	-	-	-	-	-	381,727	81,480
Salaries	100,063	-	135,930	146,707	-	167,378	6,249,452	6,738,883
Employee Relations & Welfare	68,498	-	80,535	89,727	-	1,432,834	3,674,359	7,280,274
Rent and Related Expenses	124,669	-	109,765	138,614	-	77,680	2,865,434	3,327,172
Professional Fees	26,118	-	494,729	40,496	-	75,560	2,555,734	4,414,026
General and Administrative Expenses	54,556	-	23,522	8,686	-	19,474	1,351,982	753,785
Salvage and Subrogation Fees	-	-	-	-	-	-	29,717	159,172
Large Deductible	-	-	-	-	-	-	220,256	659,845
Miscellaneous	29,044	-	31,323	29,594	-	221,974	1,942,750	2,142,891
Total Disbursements	402,948	-	879,390	463,041	-	8,691,486	37,473,046	42,123,174
Net Disbursements Over Receipts	(344,423)	-	3,205,791	(255,400)	-	(6,564,019)	(6,008,913)	1,469,826
Cash, Cash Equivalents, and Invested Assets (Unrestricted), Beginning of Year	-	-	19,159,213	19,440,217	-	6,564,019	696,513,562	662,486,032
Opening Cash, Cash Equivalents, and Invested Assets (Unrestricted), of New Estates	7,041,716	-	-	-	-	-	10,193,532	35,715,693
Closed Estates - Cash	-	-	-	-	-	-	-	-
Realized Loss on Sale of Real Estate	-	-	-	-	-	-	(1,865,555)	-
Unrealized Gain / (Loss) on Investments	(1,875)	-	2,765	(25,604)	-	-	1,801,626	(3,157,989)
Cash, Cash Equivalents, and Invested Assets (Unrestricted), End of Year	$ 6,695,418	$ -	$ 22,367,769	$ 19,159,213	$ -	$ -	$ 700,634,252	$ 696,513,562