

**EISNERAMPER**

**NEW YORK LIQUIDATION BUREAU**

**STATEMENTS OF CASH RECEIPT and DISBURSEMENTS – CASH BASIS  
of the CENTRAL DISBURSEMENT ACCOUNT**

**DECEMBER 31, 2020 and 2019  
(with Independent Auditors' Report)**



**NEW YORK LIQUIDATION BUREAU**

**Statements of Cash Receipts and Disbursements – Cash Basis  
of the Central Disbursement Account**

**For the Years Ended December 31, 2020 and 2019  
With Independent Auditors' Report**

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Statements of Cash Receipts and Disbursements – Cash Basis of the Central Disbursement Account for the Years Ended December 31, 2020 and 2019	3
Notes to Statements of Cash Receipts and Disbursements – Cash Basis of the Central Disbursement Account for the Years Ended December 31, 2020 and 2019	4 - 12

## **INDEPENDENT AUDITORS' REPORT**

Superintendent of Financial Services of the State of New York as Receiver and the Management of the New York Liquidation Bureau

### **Report on the Statements of Cash Receipts and Disbursements – Cash Basis of the Central Disbursement Account**

We have audited the accompanying statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau for each of the years ended December 31, 2020 and 2019, and the related notes to the statements of cash receipts and disbursements – cash basis.

### ***Management's Responsibility for the Statements of Cash Receipts and Disbursements – Cash Basis of the Central Disbursement Account***

Management is responsible for the preparation and fair presentation of these statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of these statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau 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 statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau, 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 statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau 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 statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau.



## ***Opinion***

In our opinion, the statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau referred to above present fairly, in all material respects, the cash receipts and disbursements for each of the years ended December 31, 2020 and 2019, in accordance with the cash basis of accounting described in Note 1.

## ***Basis of Accounting***

We draw attention to Note 1 of the accompanying statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau, which describes the basis of accounting. The statements of cash receipts and disbursements – cash basis of the Central Disbursement Account of the New York Liquidation Bureau are prepared on the 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.

## ***Restriction on Use***

This report is intended solely for the information of and use of the Superintendent of Financial Services of the State of New York as Receiver who has jurisdiction over the New York Liquidation Bureau (“NYLB”), and management thereof and is not intended to be, and should not be, used by anyone other than these specified parties.

*EisnerAmper LLP*

EISNERAMPER LLP  
Iselin, New Jersey  
July 19, 2021



**NEW YORK LIQUIDATION BUREAU**  
**Statements of Cash Receipts and Disbursements –**  
**Cash Basis of the Central Disbursement Account**  
**For the Year Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Receipts:</b>		
Reimbursement of Expenses	\$ 38,971,771	\$ 37,850,504
Payments Received in Non-New York Liquidation Proceedings	7,870,669	350,035,486
Other Receipts	314,884	384,593
Transfer from Escheated Funds	109,832	345,966
Deposit for Administrative Expenses	80,000	10,000
Investment Income Received	2,995	9,919
Closure of Payroll Account	-	1,298,839
<b>Total Receipts</b>	<b>47,350,151</b>	<b>389,935,307</b>
<b>Disbursements:</b>		
<b>Payments to Security Fund Operating Accounts:</b>		
New York Workers Compensation Security Fund	6,344,095	171,562,991
New York Property and Casualty Security Fund	1,359,520	170,458,362
New York Public Motor Vehicle Security Fund	167,054	8,014,133
<b>Total Payments to Security Fund Operating Accounts</b>	<b>7,870,669</b>	<b>350,035,486</b>
<b>Operating Expenses:</b>		
Salaries, Employee Relations and Welfare	21,600,980	22,545,109
Rent and Related Expenses	3,754,714	2,621,279
Professional Fees	3,512,423	3,261,213
General and Administrative Expenses	1,105,119	3,374,701
Investment Expense	598,999	899,409
Insurance Expense	592,621	594,705
Miscellaneous	2,051	8,094
<b>Total Operating Expenses</b>	<b>31,166,907</b>	<b>33,304,510</b>
<b>Other Disbursements:</b>		
Loss Adjustment Expenses	5,351,810	6,909,216
Loss and Return Premiums	422,081	-
Distribution to Fraternal	251,241	260,879
Large Deductible Payments	112,253	-
Escheated Funds	97,957	358,715
Salvage & Subrogation Fees	698	48,057
<b>Total Other Disbursements</b>	<b>6,236,040</b>	<b>7,576,867</b>
<b>Total Disbursements</b>	<b>45,273,616</b>	<b>390,916,863</b>
<b>Net Disbursements</b>	<b>2,076,535</b>	<b>(981,556)</b>
<b>Cash – Beginning of Year</b>	<b>5,730,231</b>	<b>6,711,787</b>
<b>Cash – End of Year</b>	<b>\$ 7,806,766</b>	<b>\$ 5,730,231</b>

See accompanying notes to the Statements of Cash Receipts and Disbursements – Cash Basis of the Central Disbursement Account. The Statements of Cash Receipts and Disbursements – Cash Basis of the Central Disbursement Account and accompanying notes are prepared solely for the use of the Receiver, the NYLB and Management (as defined herein).

**NEW YORK LIQUIDATION BUREAU**  
**Notes to Statements of Cash Receipts and Disbursements –**  
**Cash Basis of the Central Disbursement Account**  
**For the Year Ended December 31, 2020 and 2019**

**Note 1: Nature of Operations of the New York Liquidation Bureau and Summary of Significant Accounting Policies**

**A. Background**

The New York Liquidation Bureau (“NYLB”) is the organization 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 of the State of New York (“DFS”). The NYLB operates separately from DFS. The Superintendent as Receiver has the authority under Insurance Law Section 7422 to make such appointments (Special Deputy and other Agents, collectively, with the Special Deputy, "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, including Domestic Estates in Liquidation (“Domestic Estates”), Ancillary Estates, Conservations and Fraternal Associations.

NYLB’s costs are paid from the assets of the Estates under receivership, as well as expense reimbursements from the New York Property/Casualty Insurance Security Fund (“P/C Fund”), 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 paid from assessments on industry.

For each Estate, the Superintendent is appointed Receiver by the Supreme Court of the State of New York (“Receivership Court”). Thereafter, the Receivership Court approves the actions of the Receiver. Acting on behalf of the Receiver, the NYLB marshals the assets of the Estates, maximizes such assets and resolves the liabilities of the Estates in an effort either to rehabilitate the companies or liquidate them in order to distribute their assets to policyholders, creditors and shareholders. In addition, 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.

**NEW YORK LIQUIDATION BUREAU**  
**Notes to Statements of Cash Receipts and Disbursements –**  
**Cash Basis of the Central Disbursement Account**  
**For the Year Ended December 31, 2020 and 2019**

**Note 1: Nature of Operations of the New York Liquidation Bureau and Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation**

The Statements of Cash Receipts and Disbursements – Cash Basis of the Central Disbursement Account of the NYLB reflect the amounts deposited in and disbursements made from the central disbursement account (“CDA”) for the years ended December 31, 2020 and 2019. The Statements of Cash Receipts and Disbursements – Cash Basis of the Central Disbursement Account of the NYLB were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (“U.S. GAAP”). The cash basis of presentation differs from U.S. GAAP in that revenues are recognized when received, rather than when earned, and expenses are recognized when paid, rather than when the obligation is incurred.

The CDA, managed by the NYLB, is comprised of pooled cash accounts that are funded solely by cash advances from the Estates and/or Security Funds. The NYLB uses the money in the CDA to pay, on behalf of the Estates and Security Funds, NYLB 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) (“Employee Relations and Welfare”). Reimbursement of such expenses is generally based on the amount of time NYLB employees devote to the respective Estates and Security Funds.

The NYLB does not itself own any assets but rather it holds and manages the assets of the Estates and Security Funds as a fiduciary for the benefit of the policyholders and other creditors of the Estates.

The Estates' and the Security Funds' ownership interests in the cash within the CDA are apportioned through intercompany transactions identified specifically to the NYLB, the Estates and Security Funds.

Certain amounts from the 2019 Statement of Cash Receipts and Disbursements – Cash Basis of the Central Disbursement Account have been reclassified to conform to the 2020 presentation.

**C. Cash**

Cash is comprised solely of the money deposited in the CDA. As of December 31, 2020 and 2019 amounts exceeded federal insurance limits. Management monitors balances of cash in excess of insured limits and believes that such balances do not represent a material credit risk to the NYLB as the cash resides in large, highly rated financial institutions.

**NEW YORK LIQUIDATION BUREAU**  
**Notes to Statements of Cash Receipts and Disbursements –**  
**Cash Basis of the Central Disbursement Account**  
**For the Year Ended December 31, 2020 and 2019**

**Note 1: Nature of Operations of the New York Liquidation Bureau and Summary of Significant Accounting Policies (continued)**

**D. Receipts**

Payments Received in Non-New York Liquidation Proceedings

In connection with each ancillary receivership commenced in New York as a result of the commencement of a foreign (*i.e.*, non-New York) liquidation, the NYLB typically completes a financial information questionnaire on behalf of each Security Fund in order to qualify for receipt of a Final Distribution or interim Early Access Distribution (“EAD”) in a non-New York liquidation proceeding.

As of December 31, 2020 and 2019, respectively, the following amounts were received by the CDA in non-New York liquidation proceedings for the purpose of reimbursing the Security Funds for claims payments and administrative expenses.

	<u>2020</u>	<u>2019</u>
Lumbermens Group	\$ 2,987,714	\$ 6,805,570
Lumbermens Underwriting Alliance	2,133,594	1,137,666
Home Insurance Company	1,645,870	168,964
ULLICO	779,927	5,421,357
Guarantee Insurance Company	204,903	2,390
Mission	118,661	-
Reliance Insurance Company	-	247,815,611
Legion Insurance Company	-	63,940,632
Villanova	-	14,127,927
Western Employers	-	5,220,755
Fremont Indemnity	-	4,620,977
Eagle Insurance	-	658,882
Newark Insurance	-	114,755
Total	<u>\$ 7,870,669</u>	<u>\$ 350,035,486</u>



**NEW YORK LIQUIDATION BUREAU**  
**Notes to Statements of Cash Receipts and Disbursements –**  
**Cash Basis of the Central Disbursement Account**  
**For the Year Ended December 31, 2020 and 2019**

**Note 1: Nature of Operations of the New York Liquidation Bureau and Summary of Significant Accounting Policies (continued)**

**D. Receipts (continued)**

Reimbursement of Expenses

The CDA receives reimbursements from the Estates and Security Funds for the general and administrative expenses it pays on their behalf. These expenses are processed through the CDA and include items, such as salaries, payroll taxes, rent and related expenses, office expenses and Employee Relations and Welfare. Reimbursement of such expenses is generally based on the amount of time NYLB employees devote to the respective Estates and Security Funds. Reimbursed expenses to the CDA in 2020 and 2019 amounted to \$38,971,771 and \$37,850,504, respectively.

Closure of Payroll Account

In 2019, the NYLB changed its payroll processing vendor. In doing so, the new payroll processing vendor did not require a Payroll Segregated account. The balance in the Payroll Segregated account of \$1,298,839 was returned to the CDA.

Other Receipts

The NYLB receives checks and wire transfers of funds on a daily basis from various sources. Certain receipts may require additional research in order to properly allocate such funds to the appropriate Estate or Security Fund. While Management determines the appropriate Estate or Security Fund, the funds are deposited in the CDA and credited to a cash suspense account. These items are designated Other Receipts on the Statement of Cash Receipts and Disbursements - Cash Basis of the Central Disbursement Account and totaled \$314,884 and \$384,593 in 2020 and 2019, respectively.

Transfer from Escheated Funds

The CDA received \$109,832 and \$345,966 in 2020 and 2019, respectively, from the Estates for the purpose of transferring the funds to the Office of the New York State Comptroller Unclaimed Funds.

Deposit for Administrative Expenses

The CDA received advances from the WC Fund for \$80,000 and \$10,000 in 2020 and 2019, respectively, for the payment of administrative and claims expenses for new estates placed in liquidation. These advances are paid back on a monthly basis.

Investment Income Received

Investment Income Received in the CDA is totaled \$2,995 and \$9,919 for the years ended December 31, 2020 and 2019, respectively.

**NEW YORK LIQUIDATION BUREAU**  
**Notes to Statements of Cash Receipts and Disbursements –**  
**Cash Basis of the Central Disbursement Account**  
**For the Year Ended December 31, 2020 and 2019**

**Note 1: Nature of Operations of the New York Liquidation Bureau and Summary of Significant Accounting Policies (continued)**

**E. Disbursements**

Payments to Security Fund Operating Accounts

Payments to Security Fund Operating Accounts consist of monies that have been received by the CDA in non-New York liquidation proceedings for the purpose of reimbursing the Security Funds. These reimbursements are for claims payments and loss adjustment expenses (“LAE”) incurred by the Security Funds for the handling and payment of claims on behalf of non-New York liquidation proceedings. Disbursements to Security Funds totaled \$7,870,669 in 2020 and \$350,035,486 in 2019. Below is the detail of the amount of reimbursement by each ancillary estate to the Security Fund in 2020.

<b>Ancillary Estates</b>	<b>WC Fund</b>	<b>P/C Fund</b>	<b>PMV Fund</b>	<b>Total All Funds</b>
Guarantee Ins Co	\$ 204,903	\$ -	\$ -	\$ 204,903
Home Insurance	985,548	660,322	-	1,645,870
Lumbermens Group	2,532,419	455,295	-	2,987,714
Lumbermen’s Underwriting				
Alliance	2,133,594	-	-	2,133,594
Mission	-	118,661	-	118,661
Ullico Casualty	487,631	125,242	167,054	779,927
<b>Total</b>	<b>\$ 6,344,095</b>	<b>\$ 1,359,520</b>	<b>\$ 167,054</b>	<b>\$ 7,870,669</b>

Below is the detail of the amount of reimbursement by each ancillary estate to the Security Fund in 2019:

<b>Ancillary Estates</b>	<b>WC Fund</b>	<b>P/C Fund</b>	<b>PMV Fund</b>	<b>Total All Funds</b>
Eagle Insurance	\$ -	\$ 564,152	\$ 94,730	\$ 658,882
Fremont Indemnity	4,592,392	28,585	-	4,620,977
Guarantee Ins Co	2,390	-	-	2,390
Home Insurance	168,964	-	-	168,964
Legion Insurance	45,849,201	17,443,896	647,534	63,940,631
Lumbermens Group	6,011,572	793,998	-	6,805,570
Lumbermen’s Underwriting				
Alliance	1,137,666	-	-	1,137,666
Newark Insurance	-	114,755	-	114,755
Reliance Insurance	106,767,172	135,161,290	5,887,149	247,815,611
Ullico Casualty	2,292,622	1,744,016	1,384,719	5,421,357
Villanova	174,918	13,951,009	-	14,127,927
Western Employers	4,566,094	654,661	-	5,220,755
<b>Total</b>	<b>\$ 171,552,991</b>	<b>\$ 170,458,362</b>	<b>\$ 8,014,133</b>	<b>\$350,035,486</b>

**NEW YORK LIQUIDATION BUREAU**  
**Notes to Statements of Cash Receipts and Disbursements –**  
**Cash Basis of the Central Disbursement Account**  
**For the Year Ended December 31, 2020 and 2019**

**Note 1: Nature of Operations of the New York Liquidation Bureau and Summary of Significant Accounting Policies (continued)**

**E. Disbursements (continued)**

**Operating Expenses**

Salaries, Employee Relations and Welfare

Salaries, Employee Relations and Welfare expenses are paid from the CDA and subsequently allocated among the Estates and Security Funds based on the amount of time NYLB employees spend on the respective Estates and Security Funds.

The breakdown of Salaries, Employee Relations and Welfare expenses is as follows:

	<u>2020</u>	<u>2019</u>
Salaries	\$ 13,042,320	\$ 13,680,299
Health Insurance	5,575,100	6,009,187
Pension Plan	1,956,809	1,926,492
Employee Relations	1,026,751	929,131
Total	<u>\$ 21,600,980</u>	<u>\$ 22,545,109</u>

Loss Adjustment Expenses

The CDA pays certain Loss Adjustment Expenses (“LAE”) incurred by the Estates in connection with the adjustment and/or litigation of a claim. These expenses totaled \$5,351,810 and \$6,909,216 in 2020 and 2019, respectively. The CDA is reimbursed by the Estates for these expenses.

Loss and Return Premiums

The CDA paid loss and return premiums of \$77,088 in 2020 and \$0 in 2019.

Professional Fees

The CDA pays for professional services on behalf of the Estates and Security Funds, including reinsurance collections, accounting and auditing, information technology, actuarial and legal services. These expenses were allocated among the Estates and/or Security Funds based on the amount of time NYLB employees allocate to the respective Estates and/or Security Funds. The CDA paid total Professional Fees of \$3,512,423 in 2020 and \$3,261,213 in 2019.

**NEW YORK LIQUIDATION BUREAU**  
**Notes to Statements of Cash Receipts and Disbursements –**  
**Cash Basis of the Central Disbursement Account**  
**For the Year Ended December 31, 2020 and 2019**

**Note 1: Nature of Operations of the New York Liquidation Bureau and Summary of Significant Accounting Policies (continued)**

**E. Disbursements (continued)**

Rent and Related Expenses

On December 27, 2017, the NYLB entered into a 15-year lease agreement for office space at 180 Maiden Lane, New York, New York. Such rent and related expenses are allocated to the Estates and Security Funds. (See Note 2).

In 2020 and 2019, the CDA disbursed approximately \$3,754,714 and \$2,621,279, respectively, in rent and related expenses for office space and offsite storage.

General and Administrative Expenses

The CDA paid general and administrative expenses of \$1,105,119 in 2020 and \$3,374,701 in 2019. The majority of these expenses are for the procurement of information technology equipment and telecommunication services. These expenses were allocated among the Estates and Security Funds based on the amount of time NYLB employees devote to the respective Estates and/or Security Funds.

Investment Expense

The CDA paid Investment Expense in 2020 and 2019 totaled \$598,999 and \$899,409, respectively, which includes bank charges and investment advisor fees.

Insurance Expense

The CDA paid Insurance expenses on behalf of the NYLB, including workers compensation insurance, unemployment insurance, commercial liability and property insurance, Errors and Omissions insurance, Employment Practices Liability insurance, crime insurance and Employed Lawyers Professional Liability insurance. In 2020 and 2019 these expenses totaled \$592,621 and \$594,705, respectively.

Escheatable Funds

Escheated funds in the amount of \$97,957 and \$358,715, in 2020 and 2019, respectively, were paid from Estates' segregated accounts to the CDA and from the CDA to the New York State Comptroller, Office of Unclaimed Funds.

Distribution to Fraternal Associations

Distributions from the CDA to eligible members of Fraternal Associations as of December 31, 2020 and 2019 totaled \$251,241 and \$260,879, respectively.

Salvage and Subrogation Fees

The CDA paid salvage and subrogation fees of \$698 in 2020 and \$48,057 in 2019.

**NEW YORK LIQUIDATION BUREAU**  
**Notes to Statements of Cash Receipts and Disbursements –**  
**Cash Basis of the Central Disbursement Account**  
**For the Year Ended December 31, 2020 and 2019**

**Note 1: Nature of Operations of the New York Liquidation Bureau and Summary of Significant Accounting Policies (continued)**

**E. Disbursements (continued)**

Miscellaneous

Miscellaneous includes state taxes and local assessments paid from the CDA by the NYLB on behalf of various Estates totaling \$2,051 in 2020 and \$8,094 in 2019.

Large Deductible Payments

Certain insurance companies offer policyholders large deductible programs in which the policyholder is responsible for self-administering and funding its own claims under a policy up to an agreed limit. Under such programs, the Receiver, or the state guaranty fund that is handling the claim, administers the claim in the usual course and makes all covered loss payments. The Receiver is responsible for collecting the large deductible amount from the policyholder to reimburse itself or the applicable guaranty fund for loss payments covered under the program. Large deductible payments from the CDA totaled \$112,253 in 2020 and \$0 in 2019.

**Note 2: Commitments and Contingencies**

Offices

In 2020 and 2019, approximately \$2.2 million and \$1.4 million was paid from the CDA, respectively, in rent and related expenses.

Lease Agreements

The estimated minimum future lease payments under the NYLB's current lease agreement for office space is as follows:

	2021	2022	2023	2024	2025	2026-2034	Total
(\$ Millions)							
Rent	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.40	\$ 20.60	\$ 31.80
Real Estate Tax	.03	.04	.06	.08	.10	1.53	1.84
Electric	.14	.14	.15	.15	.16	1.52	2.26
Operating Expenses	.05	.07	.08	.10	.12	1.88	2.30
<b>Total</b>	<b>\$ 2.42</b>	<b>\$ 2.45</b>	<b>\$ 2.49</b>	<b>\$ 2.53</b>	<b>\$ 2.78</b>	<b>\$ 25.53</b>	<b>\$ 38.20</b>

**NEW YORK LIQUIDATION BUREAU**  
**Notes to Statements of Cash Receipts and Disbursements –**  
**Cash Basis of the Central Disbursement Account**  
**For the Year Ended December 31, 2020 and 2019**

**Note 2: Commitments and Contingencies (continued)**

The NYLB leased storage space at various storage facilities in 2020 and 2019. In 2020 and 2019, storage space was rented for \$0.3 million and \$0.2 million, respectively. The estimated future minimum warehouse rent payments under the leases are as follows:

<u>Warehouse</u>	<u>Term of Lease</u>	<u>Cost Per Cubic Ft. Per Month</u>	<u>Estimated Annual Rent</u>
American Record Management Systems	5	\$ .0875	\$ 108,000
Iron Mountain	1	\$ .147	\$ 220,000

The Company also maintains a storage lease with Underground Vaults & Storage, Inc. for a term of five years, with estimated annual rent of \$45,000.

**Other Contingencies**

The extent of the impact of the coronavirus ("COVID-19") outbreak on the operation and financial performance of our business are unknown. However, the Company does not expect that the outbreak will have a material adverse effect on its business or financial results at this time.

**Note 3: Subsequent Events**

Subsequent events have been reviewed through July 19, 2021, the date on which these audited 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 NYLB:

From January 1, 2021 through July 19, 2021, the following amounts were received by the CDA in non-New York liquidation proceedings for the purpose of reimbursing the Security Funds:

Lumbermens Mutual	\$ 3,126,695
Security Indemnity	759,965
Guarantee Insurance Co.	311,550
Lumbermens Underwriting Alliance	123,247
The Home Insurance Co.	26,575
Total	<u>\$ 4,348,032</u>