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NANCY SWEENEY
CLERK DISTRICT COURT

2016 OCT -6 PM 12:39

FILED
BY MICHELLE WRAY

**MONTANA FIRST JUDICIAL DISTRICT COURT
LEWIS AND CLARK COUNTY**

IN THE MATTER OF THE LIQUIDATION
OF CARECONCEPTS INSURANCE, INC., A
RISK RETENTION GROUP,

Respondent.

CASE NO. ADV-2016-640

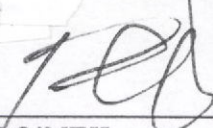
NOTICE OF INITIAL ACCOUNTING

The Commissioner of Securities and Insurance, Office of the Montana State Auditor (Liquidator), by and through counsel, submits the attached initial accounting for CareConcepts Insurance, Inc., a Risk Retention Group (CareConcepts).

Pursuant to the Court's order dated August 8, 2016, the Liquidator shall provide an initial accounting of the estate of CareConcepts. Michael FitzGibbons, Special Deputy Liquidator, has taken possession of Respondent's documents. His initial accounting, attached as Exhibit A, is derived from this initial review.

Respectfully submitted this 6th day of October, 2016.

MONICA J. LINDEEN
Commissioner of Securities and Insurance,
Montana State Auditor


BRETT O'NEIL
Attorney for the Commissioner

CareConcepts Insurance, Inc., a Risk Retention Group
Balance Sheet
December 31, 2015 and July 31, 2016

	December 31, 2015 (a)	July 31, 2016
Assets		
Cash and cash equivalents	186,781	228,859
Bonds	61,481	66,316
Preferred and common stocks	1,553,097	1,648,177
Cash and invested assets	<u>1,801,359</u>	<u>1,943,352</u>
Interest income due and accrued	1,142	-
Premiums receivable	-	81,473
Amounts recoverable from reinsurers - paid losses	32,796	-
Amounts recoverable from reinsurers - ceded reserves	831,413	1,022,066
Ceded unearned premiums	73,342	135,765
Current federal income tax recoverable	152,002	91,695
Deferred tax asset	147,958	-
Letter of credit	100,000	100,000
Prepaid expenses	147,465	3,085
Other	34,892	1,000
	<u><u>3,322,369</u></u>	<u><u>3,378,436</u></u>
Liabilities		
Loss reserves	1,545,565	2,584,577
Loss adjustment expense reserves	878,220	777,129
Other expenses	38,700	57,496
Taxes, licenses, and fees	8,852	12,424
Unearned premiums	196,335	377,125
Ceded premiums payable	-	296,765
Total liabilities	<u>2,667,672</u>	<u>4,105,517</u>
Capital and Surplus (Deficit)		
Common stock and contributed surplus	397,466	397,466
Surplus note	600,000	600,000
Unassigned funds	(342,769)	(1,724,547)
Total policyholders surplus (deficit)	<u>654,697</u>	<u>(727,081)</u>
	<u><u>3,322,369</u></u>	<u><u>3,378,436</u></u>

(a) Prepared by Prior Management

EXHIBIT

A

CareConcepts Insurance, Inc., a Risk Retention Group
Statement of Operations
Year Ended December 31, 2015 and Seven Months Ended July 31, 2016

	Year Ended December 31, 2015 (a)	Seven Months Ended July 31, 2016
Net premiums earned	1,706,615	123,572
Losses incurred	813,233	848,359
Loss adjustment expenses incurred	438,934	227,781
Other expenses	867,553	308,950
Net underwriting gain (loss)	(413,105)	(1,261,518)
Net investment income	31,478	2,618
Net realized capital gains (losses)	(18,457)	-
Other income	-	-
Income before taxes	(400,084)	(1,258,900)
Income taxes	(104,956)	145,386
Net income (loss)	(295,128)	(1,404,286)

(a) Prepared by Prior Management

CareConcepts Insurance, Inc., a Risk Retention Group
Cash Receipts and Disbursements
August 1, 2016 to August 31, 2016

	<u>August 1 to August 31, 2016</u>
Cash receipts:	
Investment income	<u>2,631</u>
	2,631
Cash disbursements:	
Purchase of common stock	<u>2,248</u>
	2,248
Net change in cash	<u>383</u>
Cash and cash equivalents - beginning of period	<u>228,859</u>
Cash and cash equivalents - end of period	<u>229,242</u>

CareConcepts Insurance, Inc., a Risk Retention Group
Asset Listing
August 31, 2016

	<u>August 31, 2016</u>
Assets	
Cash and cash equivalents	229,242
Bonds	65,783
Preferred and common stocks	<u>1,654,203</u>
Cash and invested assets	1,949,228
 Interest income due and accrued	 -
Premiums receivable	81,473
Amounts recoverable from reinsurers - paid losses	-
Amounts recoverable from reinsurers - ceded reserves	1,025,766
Ceded unearned premiums	113,862
Current federal income tax recoverable	91,695
Deferred tax asset	-
Letter of credit	100,000
Prepaid expenses	1,543
Other	<u>1,000</u>
	<u><u>3,364,566</u></u>