



Board of Directors' Meeting
April 14, 2025 2:00 PM
Conference Call

Florida Insurance Guaranty Association

Annual Meeting of the Board of Directors

Monday, April 14, 2025 at 2:00 PM



1. CALL TO ORDER, ROLL CALL, OPENING REMARKS & ANTI-TRUST PREAMBLE

2. APPROVAL OF MINUTES

- Draft of Minutes - December 18, 2024 (Action)

3. RECEIVER'S REPORT (Verbal)

4. LEGAL REPORT (Verbal)

- Legislative and Regulatory Report

5. FINANCE & AUDIT COMMITTEE

- Chairman's Report
 - Minutes - December 17, 2024
 - Investment Report - February 28, 2025
 - Investment Policy Review
 - Audit Report
 - FIGA (Action)
 - AGFG (Action)
 - Charter / Checklist Review
 - Charter
 - Checklist

6. CLAIMS REPORT

- Claims Activity Report February 28, 2025
- Claims Activity Summary February 28, 2025
- Claims Insolvency Update

Florida Insurance Guaranty Association

Annual Meeting of the Board of Directors

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7. FINANCIAL REPORT

- FIGA Financial Statements February 28, 2025
- AGFG Financial Statements February 28, 2025
- Early Access Report

8. OPERATIONS REPORT

- 2025 Organizational Goals
- Annual Review of Contracts and Vendors
- Conflict of Interest Policy
- 2024 Annual Report
- COO Update (Verbal)

9. OTHER BUSINESS, CLOSING REMARKS & ADJOURNMENT

**CALL TO ORDER, ROLL CALL, OPENING REMARKS &
ANTI-TRUST PREAMBLE**

Florida Insurance Guaranty Association Meeting

Date: April 14, 2025 Location: Conference Call

Board Members:

<input type="checkbox"/> Kimberly Blackburn	FL Farm Bureau Casualty Ins. Co
<input type="checkbox"/> Tom Gallagher	Peoples Trust Ins. Co
<input type="checkbox"/> Ryan West	GEICO
<input type="checkbox"/> Benjamin Treuil	Frontline Ins.
<input type="checkbox"/> Brent Brummer	Florida Family Ins. Co.
<input type="checkbox"/> Charles Lydecker	Foundation Risk Partners
<input type="checkbox"/> Jon Ritchie	American Integrity Ins. Co.
<input type="checkbox"/> Tasha Carter	FL Insurance Consumer Advocate
<input type="checkbox"/> Michael Dobson	The Baldwin Group

Staff:

Tim Meenan	Meenan Law
Bob Ricker	AGFG
Steven Brown	AGFG
William Hughes	AGFG
Liz Frisbie	AGFG
Veronica Degraff	AGFG
Susan Ferguson	AGFG

Others Present:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Florida Insurance Guaranty Association

April 14, 2025

ANTI-TRUST POLICY STATEMENT

It is the established policy of Florida Insurance Guaranty Association (FIGA) to comply fully with all laws and regulations applicable to its operations. While the creation and operation of a guaranty fund is beneficial to consumers and does not raise concerns under federal or state antitrust laws, because the activities and functions of FIGA bring together representatives of insurance companies that may be in competition, it is the policy of FIGA, in the course of its activities and functions, to discourage and prohibit disclosure of competitive information that might be, under certain circumstances and along with other conduct, alleged to be violative of federal or state antitrust laws. Because the burdens of defending even a frivolous antitrust suit are considerable, it is important to administer and operate FIGA in a manner so as to avoid even the appearance of facilitating anticompetitive conduct.

APPROVAL OF MINUTES

- Draft of Minutes - December 18, 2024 (Action)

- Draft of Minutes- December 18, 2024
-

FLORIDA INSURANCE GUARANTY ASSOCIATION
BOARD MEETING MINUTES
DECEMBER 18, 2024

1. **CALL TO ORDER**

The Board of Directors of the Florida Insurance Guaranty Association (“FIGA”) held a Board teleconference/virtual meeting via Microsoft Teams on December 18, 2024, commencing at 9:30 a.m.

Chairperson Kimberly Blackburn called the meeting to order and announced a quorum present, to wit:

Kimberly Blackburn	Florida Farm Bureau Casualty Insurance
Ryan West	GEICO
Brent Brummer	Florida Family Ins. Co.
Benjamin Treuil	Frontline Insurance
Jon Richie	American Integrity Ins. Co.
Charles Lydecker	Citizens
Tom Gallagher	Peoples Trust Ins. Co.

Also attending the Board Meeting:

Bob Ricker	Executive Director
Steve Brown	Chief Operating Officer
Bill Hughes	Vice President of Claims
Liz Frisbie	Controller
Susan Ferguson	FIGA Executive Assistant
Veronica DeGraff	AGFG HR Director
Lenox Godfrey	FIGA Claims Director
Andrew Harris	AGFG IT Manager
Demetria Nwoko	AGFG Senior Accountant
Charlie Greene	AGFG FWC Claims Manager
Tim Meenan	FIGA General Counsel
Kirsten Matthis	Meenan, P.A.
Kapil Bhatia	Raymond James
Sasha Stipanovich	Raymond James
Allison Harrell	Thomas Howell Ferguson
Duane Draper	Bryant Miller Olive
Lori Arterburn	Florida DFS
Randy Harrison	RBC
Jason Bilodeau	Insight
John Generalli	Wells Fargo
Toma Wilkerson	CAT Fund
Robert Liggett	Florida Family Insurance
Linda Holliwell	Wells Fargo

Lawrence Mower
Virginia Kristie
Steve Bitar
Keith Williams
Scott Matiyow

Tampa Bay Times
FLOIR
Southern Oak Insurance Company
State Farm
PIFF

2. ANTITRUST POLICY

Tim Meenan discussed FIGA's antitrust guidelines and requested that Board Members review and adhere to the Policy.

3. APPROVAL OF MINUTES

The Board received the Minutes from the April 25, 2024, July 11, 2024 and November 19, 2024 meetings. No changes to the Minutes were made, and Mr. West motioned to approve the minutes, seconded by Charlie Lydecker, and the motion passed unanimously.

3. RECEIVER'S REPORT

Lori Arterburn delivered the Receiver's report to the Board. She advised that there was no new update to provide to the Board since the prior meeting.

4. LEGISLATIVE AND REGULATORY REPORT

Mr. Meenan delivered the Legislative and Regulatory report and discussed that the Legislature had recently convened in the Fall for officer elections, but that the session would start in March of 2025 and run through the first week of May. He advised that there had been some discussion of the Legislature addressing homeowners' insurance, but that it was not anticipated to be a big tort reform year. Mr. Meenan advised the Board that the data was beginning to reflect that the reforms put into legislation had begun to work, and that 75 companies were not raising their rates. He advised that the Legislature was aware that the reforms would take time, and that it was still early since those reforms were implemented. He advised that there was some discussion of PIP reform in the next legislative session, with Florida being one of the few states with "no fault" insurance, but that it was not anticipated to pass this session.

5. FINANCE AND AUDIT COMMITTEE

Mr. Brummer, as Committee Chair, advised the full Board that the Committee had no major updates to report after the Committee meeting. The Board was advised that the Charter Checklist was reviewed, and that staff anticipate being timely on everything due under the Checklist. The Board was also advised that the Committee received an update on the investments from both investment managers at the Committee meeting, and both managers were in attendance at the full Board meeting to answer any questions.

Ryan West inquired whether the full Board could be given updates, even for those members not on the Committee. Ms. Blackburn acknowledged that meeting notice would be provided to all Board members for future meetings.

Bob Ricker advised the Board that FIGA has handled approximately 50,000 claims since April of 2021, and acknowledged the good performance by a small group of adjusters, staff and management. He discussed that staff were reviewing ways to better manage claims, and were looking at using independent contractors. Mr. Ricker discussed the challenge of building out a claims department, but not building it out too much. He advised that FIGA would need to add more staff to manage on a go-forward basis. Mr. Ricker also discussed that the Committee was reviewing with the investment managers on the proper duration for FIGA investments going forward.

6. CLAIMS REPORT

Bill Hughes advised the Board that staff had made new additions to the Claims Activity Report, to identify open litigation percentage, and the number of claims in litigation. He advised that currently, 74% of all open claims were in litigation. Mr. Hughes advised that at the time of his last report, there were 5,900 open claims in 18 estates, and as of November 30, 2024 there were just over 3,900 open claims in 16 estates, representing a net reduction of 2,000 claims. He advised that most of the estates were 90% or greater closed. Mr. Hughes advised there were no new insolvencies in 2024, and that was the first time in 6 years there were no new insolvencies.

Mr. Hughes advised that the most recent estate, UPCIC, was 91% closed, and that 2,124 claims remained, representing 54% of the total pending FIGA claims. He advised that in the UPCIC estate, the claims were mostly Hurricane Ian claims, and that approximately 70% of the claims in that estate were in litigation. He discussed the strategy of having licensed and bonded contractors look at the losses fresh, and prepare estimates for repair, due to large discrepancies between what public adjusters/plaintiff's counsel submitted as estimates, compared to field adjuster estimates. He discussed the strategy of requesting mediations to try to resolve claims.

Mr. Hughes discussed the FedNat estate, which was approximately 82% closed as of November 30, with 860 claims remaining. He advised that the FedNat estate was mostly construction defect claims, Hurricane Ian claims, and assignment of benefit issues.

The Southern Fidelity estate was also discussed by Mr. Hughes, who advised that it was 94% closed, with 91% of remaining claims in litigation. He advised that the St. Johns estate was 96% closed, with 227 claims remaining, and that the Avatar estate was 96% closed with 131 claims remaining, which were mostly roof disputes from Hurricane Irma.

Ms. Blackburn advised the Board that the entire report discussing the individual companies was in the Board packet.

Mr. Hughes advised regarding litigation strategies being utilized. Mr. Lydecker inquired if those strategies needed to be discussed in an executive closed session, and Mr. Meenan clarified that Mr. Hughes was not going to be discussing individual claim litigation strategies. Ms. Blackburn requested clarification on whether it was acceptable for Mr. Hughes to report, so long

as nothing specific to a claim was discussed. Mr. Meenan advised that FIGA does not have a closed session option unless the Board needs guidance on a particular case, in which case it can go into a closed session which is transcribed, which then becomes public record after the case is resolved.

Mr. Hughes advised the Board that strategies include utilizing CaseGlide, which was implemented as an emergency procurement in the UPCIC insolvency, and later added through a regular procurement, to monitor litigation activity. He advised that the CaseGlide provides quick analytics, and that data can be used to conduct group settlement conferences to resolve claims together. He discussed utilization of temporary adjusters, rather than a TPA, to provide greater control over the adjusters and claims handling processes. He advised that the temporary adjusters had claim closures twice as much as the TPA adjusters. He addressed the strategy of having contractors re-inspect losses, to provide more current and accurate damage assessments, and utilizing those contractors to elect right to repair clauses in the policies. He discussed the settlement conferences, where claims with a single law firm are consolidated to effect settlements, and utilizing mediations so the policyholder can understand how FIGA is different than their insurance company.

Mr. Hughes discussed the outstanding releases on settled claims, with 416 releasees outstanding, representing 11% of the pending claims. He advised that FIGA has started filing motions to enforce to obtain the signed releases. He discussed that FIGA is taking claims to trial where FIGA has a strong case, and that typically when a case moves to trial, attorneys will settle the cases. He advised that trial candidate cases were being vetted with General Counsel's office, to address strengths and weaknesses of the cases. Mr. Hughes advised that there were 114 cases with trial dates over the next 6 months, but anticipated most would settle before trial.

Mr. Hughes discussed the Claim Activity Summary Report and the Chief Operating Officer Reports in the Board packet.

Ryan West inquired on how many of the cases in litigation had proposals for settlement filed on them. Mr. Hughes advised he believed it was in the 75-80% range, but did not have an exact number.

Ms. Blackburn thanked Mr. Hughes and his team for their efforts in handling claims with efficiency.

7. FINANCIAL REPORT

Liz Frisbie delivered the Financial Report to the Board, and advised that as of November 30, FIGA had total assets of \$802.4 million, which was up \$164 million from the prior year, and up \$186 million from year end of 2023. Ms. Frisbie advised that there were total receipts of \$773 million through November, including \$325 million from assessment revenues, and \$427.6 million in early access funds (spread across multiple estates), and \$25 million in interest earnings.

Ms. Frisbie discussed that administrative expenses were \$6.6 million, year to date, which were up \$1.5 million from the prior year. Ms. Frisbie discussed the Budget variances, which had explanations for any variance over \$10,000. Ms. Blackburn inquired whether FIGA was due any

additional early access funds from the Department of Financial Services, and Ms. Frisbie indicated she was not aware of any at this time. Ms. Blackburn advised that notice was provided by Tom Streukens that FIGA would be getting approximately \$2 million from an estate he was managing.

Steve Brown reported to the Board on the Cash Flow Analysis, and discussed how it is used to determine whether an assessment is needed. He advised that the staff analysis was that no new assessments were needed to cover claims in 2025.

Mr. West inquired why the Loss Adjustment Expenses did not appear to correlate with claim volume or claim payments, but remained stable. Ms. Frisbie advised that it included claims handling fees, TPA handling fees, CaseGlide expenses, claims-related attorney bills, and that the costs do not vary much month to month. Mr. West indicated he did not understand how it did not relate to claims paying volume, and Mr. Brown advised he would set up a meeting with Mr. West to further explain. Mr. Ricker advised that the tool was good, but that staff were continuing to work on it to make improvements, and welcomed any Board member suggestions.

Mr. Brown advised that the Auto account was mostly in run-off, with a few remaining south Florida PIP claims, but that there had been no new auto insurer insolvency in several years. He advised that the \$56 million balance in the Auto account was comfortably above the necessary reserves.

Mr. Brown discussed the Assessment Analysis, with detail on where in-flows of cash come from. He advised there were significant CAT Fund recoveries to FIGA in 2024, but that no more were expected for 2025. He advised that staff's analysis was that no new assessment would be needed in 2025, unless there was a new insolvency.

Ms. Frisbie discussed the Financial Statements with the Board, which were provided in the Board packet as well.

8. OPERATIONS REPORT

Mr. Ricker advised the Board that he was extremely impressed with the hard work and dedication of the staff at FIGA, and that with a relatively small team they were able to help a lot of Floridians get their houses and lives back in order after the insolvencies. Mr. Ricker discussed the organization goals, and stated that (barring a new insolvency), staff were looking to build out systems, including a new claims system. He advised that FIGA was looking at heavily utilizing right to repair, and that staff had been discussing with voluntary insurance companies who were having success with that to get homeowners back into their homes quicker. He advised that staff were preparing a procurement for an independent auditing firm to audit closed claims files, and advised that Mr. Hughes was also resuming internal claims review. Mr. Ricker advised that staff were working on improving customer complaint processes, and discussed the challenges where customers have already gone through an insolvency. He advised that staff were working with the OIR and DFS to determine how to obtain claims data quicker.

Andrew Harris advised the Board that FIGA was looking to update its claims handling software, and provided background on LightSpeed, which has been used since 1995. Mr. Harris

addressed the risks associated with that software, including the lack of modern reporting, antiquated systems, challenges with customizations, issues with training new staff, etc. He also discussed the ImageRight document management software, and the inability to integrate with Microsoft Outlook for communications. Mr. Harris advised that staff intended to release the ITN in early 2025, and that after the procurement process they would schedule a Board meeting to present recommendations for a contract. Mr. Harris advised that the Board could decide whether to move forward with the new proposed software update, and that due to the contract amount, it would be subject to approval by DFS.

Benjamin Treuil inquired what other guaranty funds were using for software, and Mr. Harris indicated that some were using Origami. Mr. West inquired how FIGA receives the data from insolvent carriers, and Mr. Harris advised that DFS Division of Rehabilitation and Liquidation receives all the data, and formats it into a UDS record, which is utilized in all states.

Mr. Brown clarified that there would need to be approval when the full budget is reviewed, but that it was included in the meeting to explain management's focus on the issue. Mr. Ricker advised that no formal Board vote needed to be taken at this time, but that they wanted to get the Board's feelings on it before moving forward.

Tom Gallagher moved to allow the process to be reflected in the 2025 budget, allowing the procurement to move forward with further review and final approval by the Board of the actual budget amount at a later date, which was seconded by Ryan West, and passed unanimously.

Mr. Brown reviewed the proposed Budget with the Board, and advised of the impacts on the 2024 budget due to vacancies in the COO and Executive Director positions for large parts of 2024. He discussed the allocation of extra claims staff, and the impact on employee expense increases, with a variable expense decrease due to utilizing fewer TPA resources. He discussed the need to hire a webmaster, due to needing a customer-facing website that was more modern and customer friendly. He discussed the 11% increase in health care costs for employees, and the underlying assumption of a base merit pool of 3.7% for employee raises. Mr. Brown discussed the reallocation of the COO and Executive Director positions, from 50/50 split between FIGA and FWCIGA, to an 80/20 split.

Ms. Frisbie discussed the compensation and benefits pages that were provided in the Board packet to the AGFG Board, and discussed the \$182,000 impact on FIGA for the change in the COO and Executive Director allocations and other positions. Staff advised the Board that CaseGlide was moving from an IT expense to a claims handling expense, and discussed the Consulting and Professional Services items for a member portal build-out and claims audit service.

Ms. Blackburn inquired if there were any questions, and hearing none, requested a motion to take action to approve the 2025 budget. Mr. Gallagher moved to adopt the proposed 2025 budget as presented, which was seconded by Mr. Treuil, and passed unanimously.

Mr. Brown advised that staff had done an in-depth analysis on claims payments, over the course of an insolvency, looking at ten large insolvencies. He advised that staff had an opportunity to look at where initial reserves are established, and initial expense reserves. He advised that staff were going to change the standard reserving practices, and advised that when

claims were closed without payment and reopened later, there were much higher indemnity and expense reserves later. He advised that when the staff look at claims paying ability it helps to have more accurate reserves to ensure assessment analysis is correct, and to make sure that reserving practices are consistent with actual claims paying practices.

Mr. Brown advised that FIGA had received notification from Moodys that it had received a two stage upgrade, and that Moodys had acknowledged that FIGA's assessment capabilities were similar to Citizens and the State of Florida. He advised that the Division of Bond Finance made the required notifications regarding the upgrade. Mr. Brown advised the Board that if FIGA needed to issue any additional bonds, the cost of capital would be lower based on the higher bond rating.

Ms. Blackburn acknowledged that the upgrade was good news, and that the Legislative reforms were working, as all three bond ratings improved. Ms. Blackburn advised the new Board members of the relationship with the interlocal agency FIAIA, which Kapil Bhatia helped form. Mr. Bhatia advised that FIAIA was created years earlier, to allow tax exempt borrowing. He advised the new rating reflects the strength of FIGA's assessment base, and its long-term relationship with the rating agencies.

Mr. Brown advised that the Business Continuity Plan was updated, and that it had been five years since an update occurred. He advised that it was a document reviewed every year, and welcomed a peer review if any Board members had in-house risk management teams willing to review it.

Mr. Brown advised that staff were creating a calendar of critical events and milestones for Mr. Ricker and himself, and for the Board. He advised that the tool was anticipated to be utilized for new Board members to understand what they need to do for the organization, and that it would be shared at the next Board meeting.

Mr. Brown requested that the Board approve the allocation change for himself and Mr. Ricker from 50/50 to 80/20, split between FIGA and FWCIGA. A motion to approve that change was made by Mr. Gallagher, seconded by Mr. Brummer, and passed unanimously.

Mr. Ricker discussed the succession planning review, which was approved by the AGFG Board for the prior version. A motion to approve the Succession Plan sent by Susan Ferguson was made by Mr. West, seconded by Mr. Treuil, and passed unanimously.

9. OTHER BUSINESS, CLOSING REMARKS

Ms. Blackburn discussed with the Board the busy year for FIGA, with a lot of activity and personnel changes. She advised there were a lot of new eyes reviewing FIGA processes, and that she was confident the Board and AGFG staff would continue to work together and get to

know each other to form a good working relationship. Ms. Blackburn thanked everyone for their time, and discussed a plan to meet again in May.

A motion to adjourn the meeting was made by Mr. Brummer, seconded by Mr. Gallagher, and the meeting adjourned at 11:21 a.m.

RECEIVER'S REPORT (Verbal)

LEGAL REPORT (Verbal)

- Legislative and Regulatory Report

FINANCE & AUDIT COMMITTEE

- Chairman's Report
 - Minutes - December 17, 2024
 - Investment Report - February 28, 2025
 - Investment Policy Review
 - Audit Report (Action)
 - FIGA (Action)
 - AGFG (Action)
 - Charter / Checklist Review
 - Charter
 - Checklist

CHAIRMAN'S REPORT

APPROVAL OF MINUTES

- Draft of Minutes - December 17, 2024 (Action)

FLORIDA INSURANCE GUARANTY ASSOCIATION
FINANCE AND AUDIT COMMITTEE MEETING
MINUTES DECEMBER 17, 2024

1. **CALL TO ORDER**

The Finance and Audit Committee (“the Committee”) of the Florida Insurance Guaranty Association, Inc. (“FIGA”) met on December 17, 2024 at 2:00 p.m.

The meeting was called to order, a quorum was announced. In attendance were:

Brent Brummer	Committee Chairman, Florida Family Insurance
Benjamin Treuil	Frontline Insurance
Jon Ritchie	American Integrity Insurance Group

Also attending the Committee Meeting:

Bob Ricker	Executive Director
Steve Brown	Chief Operating Officer
Bill Hughes	Director of Claims
Liz Frisbie	Controller
Susan Ferguson	FIGA Executive Assistant
Kimberly Blackburn	FIGA Chairwoman
Tim Meenan	FIGA General Counsel
Kirsten Matthis	Meenan, P.A.
Kapil Bhatia	Raymond James
Allison Harrell	Thomas Howell Ferguson
Virginia Christy	Department of Financial Services
Jason Celente	Insight Investment
Jason Bileadau	Insight Investment
Chris Boppre	RBC Global

Declaring a quorum, Committee Chair Brent Brummer welcomed members, staff and guests to the meeting.

2. **ANTITRUST POLICY AND OPENING REMARKS**

The FIGA Antitrust Policy was reviewed by Kirsten Matthis, and Committee members were reminded to adhere to same.

3. **APPROVAL OF MINUTES**

The Committee reviewed the minutes from the April 24, 2024 meeting. No changes were proposed to the Minutes, and a Motion to approve the minutes was made by Mr. Trueil, seconded by Mr. Ritchie, and passed unanimously.

4. INVESTMENT REPORT

Mr. Trueil inquired when the last time the investment policy was updated, and Ms. Frisbie advised that it was reviewed and approved in May of 2024, with a few minor changes at that time, but nothing of significance. Mr. Treuil inquired if there was anything that constrained the investment policy, and Mr. Meenan advised that the Board is granted great discretion, but that Mr. Bhatia provides guidance to FIGA due to liquidity needs and the need to be able to deploy claims funds quickly. Mr. Meenan advised the Committee that the investment guidelines are geared toward liquidity needs, but there is no statutory guidelines to say what FIGA can and cannot invest in.

Ms. Frisbie delivered the Investment Report to the Committee, and advised that as of November 30, the portfolio had \$558 million invested, with the two investment managers overseeing \$164 million investments in each account. She advised that the investments were split, with 51% in cash and cash equivalents, 18% in restricted cash, and 30% in short term investments. She advised the Committee that the portfolios were in compliance as of November 30. She advised that the portfolio yields were 470 basis points for Insight, and 503 basis points for the RBC accounts, as of the end of the month.

Mr. Bileadeau delivered the Investment Report for Insight. He advised the Committee that Insight was forecasting 2.2% growth, down from an initial forecast of 2.7%. He advised that there was no concern the economy would overheat, and that inflation had a moderating trend, with expectations it would settle around 2.9% by the end of the year, and continue slowing in 2025 until it ended around 2.5%. He advised the Fed has trimmed the benchmark rate by 75 basis points, citing easing policy based on slowing inflation and softening market conditions. He advised that based on the current economic prospects, it was anticipated the Fed would continue the easing cycle, with another 25 basis point cut at its last 2024 meeting, and continuing into 2025 with an anticipated 2-4 additional cuts. He advised that there was a lot of uncertainty about what fiscal policies would be enacted, and advised that the new policies would take time to impact the economy. He advised that a new bout of trade tensions with aggressive tariff and trade policies could stall the positive momentum, and cause inflation to accelerate, and that Fed policy makers would remain vigilant. He discussed the Fed twin objectives of stable inflation and positive growth.

Mr. Celente discussed the FIGA portfolio summary, with one year returns at 5.38%, and a blended benchmark of 5.35%. He advised that short term fixed income investments have not been this attractive an investment in a long time, and that the Fed may have to re-engage with inflation. He advised the hope that outlooks would become clearer in the first 100 days of the new administration. Mr. Celente discussed the sectors available for FIGA investments, including

treasuries, corporates, agencies, and asset-backed securities, but cautioned against investment in the corporate space for now.

Randy Harrison delivered the report for RBC Global, and addressed similar views on growth and inflation. He discussed anticipation of a 25 basis point cut, and then a pause in further reductions after that. He indicated that the yields have come down, and that the portfolio is in a liquidity posture, based on liquidity needs for claims payments. He also anticipated a 2.7% growth for 2024, and 2.3% growth for 2025. He discussed that 99.9% of the FIGA portfolio has an effective maturity of less than a year.

5. CHARTER/CHECKLIST REVIEW

Ms. Frisbie advised the Committee that the Charter is reviewed annually, and that the current version was included in the packet for informational purposes. She advised that the updates, if any, would occur during the Spring meeting, and inquired if there were any questions from the Committee, of which there were none.

Ms. Frisbie discussed the Checklist, and advised it is the companion document to ensure the Charter items are on track for completion. Ms. Frisbie discussed the increase for the Thomas Howell Ferguson auditing fees, which were approved in April of 2024.

Ms. Frisbie discussed the Agreed-Upon Procedures for the audit, and advised that historically items have been selected that would help with a potential DFS audit. She discussed various items selected by prior Committees for review, and advised that the Committee may select additional items they deem necessary to be tested.

Mr. Meenan advised the Committee that prior Committees have added items to the standard audit items for review, including travel, third party expenses and other items. He indicated that no Committee has consistently looked at the same items, and also advised that there were no smoking guns that triggered reviewing any of the items, but that it was good practice to branch out and include additional audit items.

Mr. Brummer inquired if there as an opportunity to add something new to the audit, or whether it made sense to go with the status quo, with all new people in positions on the Committee. Mr. Brown indicated that he had not seen anything unique for the audit to review this year, but that staff would consider things that may benefit from a deeper dive. Mr. Ricker agreed with that assessment. The Committee did not have any additional procedures they wanted added, and Ms. Frisbie indicated she would be meeting with Thomas Howell Ferguson in January to finalize the plan.

Ms. Frisbie discussed the financial reporting process, and the conflict of interest statement that must be signed by all staff, which was done in October of 2024. She discussed that in the 2024 audit cycle, assessment revenues were reviewed. She advised that the most current financial

statements are reviewed at each meeting, and that Mr. Meenan provides verbal reports on any legal updates impacting the Committee. Mr. Meenan advised that there were no new matters that needed to be brought to the Committee's attention.

Allison Harrell advised that if there were any questions, she would be on call on behalf of Thomas Howell Ferguson.

Ms. Frisbie reviewed the remainder of the checklist items. She discussed the anonymous hotline for employees to report concerns, and advised that the reports are provided to General Counsel and to the Committee Chair. She advised Mr. Brummer that the Chair of the Committee presents the activities of the Committee to the full FIGA Board at the full Board meetings.

8. GENERAL ANNOUNCEMENTS, CLOSING REMARKS & ADJOURNMENT

Mr. Brown advised that the outstanding bonds were recently upgraded by Moody's, and that FIGA is now in a more favorable cost of capital situation, should any additional bonds be needed in the future.

A motion to adjourn was made by Benjamin Treuil, and seconded by Jon Ritchie, and the Committee, having no further business, adjourned the meeting at 2:45 p.m.

CORPORATE SECRETARY

DATE

INVESTMENT REPORT - February 28, 2025

- Investment Policy Review



MEMO

To: Finance & Audit Committee

From: Elizabeth Frisbie

Date: April 2, 2025

RE: Investment Policy

The Investment Policy is included for informational purposes. The Policy is reviewed for changes at the 2025 Fall Annual meeting. The Policy was last revised in May 2023 and affirmed April 17, 2024.

Staff has no recommended changes to the Policy at this time.



Investment Policy

Statement of Investment Policy, Objectives and Guidelines

I. SCOPE AND PURPOSE OF THIS INVESTMENT POLICY

This statement of investment policy is set forth by the Board of Directors (the "Board") and the Finance and Audit Committee of the Florida Insurance Guaranty Association, Inc. ("FIGA" or the "Association") in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives for invested assets including cash (the "Assets").
3. Offer guidelines and limitations to all investment manager(s) regarding the investment of the Assets.
4. Establish a basis for evaluating investment results.
5. Establish the relevant investment horizon for which the Assets will be invested.

In general, the purpose of this statement is to outline a philosophy that will guide the investment management of the Assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

FIGA may choose to invest a portion of the Assets using its own internal staff and investment procedures approved by the Board (FIGA's "Internally Managed Funds"). Internally Managed Funds will consist of an amount of funds as determined by the Executive Director and approved by the Finance and Audit Committee which will assist in meeting the cash requirements of the Association. Internally Managed Funds may only be invested in:

- Bank accounts maintained by the Association
- Money Market Mutual Funds rated AAA_m by Standard & Poor's (S&P) or Aaa-mf by Moody's Investors Service (Moody's) or AAAMmf by Fitch Ratings;
- Certificate of Deposits (including CDARS) or any other bank instruments, to the extent such instruments are guaranteed by an agency or instrumentality of the United States Government;
- The Florida Treasurer's Special Purpose Investment Account (SPIA), and
- Treasury or Agency securities.

The specific guidelines contained in this document are applicable to the Externally Managed Funds for which FIGA will utilize third-party professional investment manager(s) selected in a method consistent with applicable law and internal procurement policies.

II. INVESTMENT OBJECTIVES

FIGA is a nonprofit corporation created by the Florida Legislature in order to facilitate the payment of claims of insolvent insurers. Because of the nature of the risks to which Florida is exposed, the timing and amount of these claims is unpredictable. FIGA must be prepared to pay large amounts of claims quickly and without much warning. In order to meet this obligation, the primary investment objectives of the Association shall be liquidity and the preservation of capital, while earning a rate of return that is reasonable for FIGA's conservative investment parameters.

1. Liquidity – To provide sufficient liquidity to meet cash requirements of the Association.
2. Preservation of Capital – To minimize the probability of loss of principal over the investment horizon. If FIGA is called upon to pay claims quickly, it should be able to sell securities as needed and realize proceeds approximately equal to amortized cost. Principal preservation is more important to FIGA than return maximization. These guidelines attempt to quantify that philosophy. However, while operating within the parameters set forth herein, FIGA's investment managers should attempt to maximize return on Assets.

III. DUTIES AND RESPONSIBILITIES

A. BOARD AND FINANCE AND AUDIT COMMITTEE

Responsibility for supervision of FIGA rests with the Board. The Board recognizes its responsibilities to adopt an investment policy and its option to delegate the responsibility to implement the policy to the Finance and Audit Committee.

The Finance and Audit Committee shall:

1. Recommend portfolio objectives and investment guidelines to the Board.
2. Periodically monitor performance of investments to ensure that objectives are being met and guidelines are being followed and report to the Board at each meeting.
3. Formally review the investment policy at least annually to assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy.
4. Direct the Executive Director to implement the established investment policy and report investment results to the Finance and Audit Committee at least quarterly.

The Board may delegate certain responsibilities to professional experts in various fields. These may include, but not limited to investment manager(s), custodian(s), and investment consultant/financial advisor.

Additional professionals such as attorneys, auditors, actuaries, and others may be engaged by the Finance and Audit Committee with the approval of the Board to assist in meeting its responsibilities and obligations to administer the Assets prudently. If such experts engaged are also deemed to be fiduciaries, they must acknowledge such in writing.

B. INVESTMENT MANAGER(S)

Each investment manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Each investment manager will have full discretion to make all investment decisions for the Assets managed by the investment manager(s) while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the investment manager(s) include:

1. Discretionary investment management including decisions to buy securities that fall within the investment guidelines, to sell or hold individual securities and to alter asset allocation within the guidelines established in this statement.
2. Provide monthly investment performance results on or before the 10th calendar day of each month.
3. Report exceptions as required below.
4. Communicating any major changes to economic outlook, investment strategy, or any other factors that affect the logistics or results of the investment process.
5. Informing the Board or Finance and Audit Committee regarding any material change to the investment manager's organization: Examples include changes in portfolio management personnel, ownership structure or investment philosophy.
6. Voting proxies, if requested by the Board or Finance and Audit Committee, on behalf of the Association, and communicating such voting records on a timely basis.
7. Liquidating in a timely fashion as market conditions warrant, any investment receiving a downgrade that causes the obligation to be outside the stipulated guidelines and providing written recommendation to the Finance and Audit Committee Chair and the Executive Director regarding such liquidation.

Investment managers must compile and report their investment performance at least quarterly to the Board and Finance and Audit Committee. Such reports must be prepared

in accordance with Global Investment Performance Standards (“GIPS”) and should be presented in the format requested by FIGA. FIGA will measure the investment performance of the Assets against commonly accepted performance benchmarks on a quarterly basis and will use this measurement as one component of its evaluation of its investment manager(s). FIGA will also give consideration to the extent to which the investment process and results are consistent with the investment objectives, goals, and guidelines set forth in this statement.

The Board and Finance and Audit Committee reserve the right to terminate a manager for any reason including, but not limited to, the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

C. CUSTODIAN(S)

Custodians are responsible for the safekeeping of the Externally Managed Funds. The specific duties and responsibilities of the custodian are to:

1. Maintain separate accounts by legal registration.
2. Value the holdings.
3. Collect all income and dividends generated by the Externally Managed Funds.
4. Settle all transactions (buy-sell orders) initiated by the investment manager(s).
5. Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolio since the previous report.

D. INVESTMENT CONSULTANT(S)/FINANCIAL ADVISOR(S)

The investment consultant/financial advisor’s role is that of an independent advisor to the Board and Finance and Audit Committee for specific projects or engagements deemed necessary. Specific roles of the investment consultant/financial advisor may include:

1. Assisting in the development and periodic review of investment policy.
2. Conducting investment manager searches when engaged by the Board or Finance and Audit Committee.
3. Providing “due diligence”, or research, on the investment manager.
4. Reviewing and assessing the performance of the investment manager(s) to provide the Board and Finance and Audit Committee with the ability to determine the progress toward the investment objectives.
5. Communicating matters of policy, manager research, and manager performance to the Board and Finance and Audit Committee.
6. Review with the Association, at least annually, all costs associated with the management of the Assets, including:
 - Expense ratios of each investment option against the appropriate peer group.
 - Custody fees: The holding of the Assets, collection of the income, and disbursement of payments.
 - Whether the manager is demonstrating attention to “best execution” in trading securities.

IV. INVESTMENT GUIDELINES

A. Allowable Assets

In general, the Assets will be invested only in high quality fixed income securities of limited durations as set forth below. Fixed Income Securities are securities that pay interest, dividends or distributions at a specified rate. The rate may be a fixed percentage of the principal or adjusted periodically. In addition, the issuer of a short-term fixed income security must repay the principal amount of the security, normally within a specified time.

FIGA's intent is to have a diversified portfolio of fixed income securities that fall within the parameters described above. Individual securities, and the portfolio as a whole, must meet the credit quality, diversification, and duration restrictions outlined below. For a more detailed description of the portfolio securities, please see "Types of Permitted Securities" at Appendix A.

Asset Type	Minimum Rating S&P / Moody's / Fitch	Portfolio Limits		
		Max %	Min %	Individual Issuer Limit (%)
U.S. Treasury Securities	n/a	100%	20% Combined	n/a
U.S. Agency Securities (Explicitly guaranteed by the federal government or supported by the full faith and credit of the U.S. Government)	n/a	50% Combined		25%
U.S. Agency Securities (Implicitly guaranteed by the federal government or supported by the full faith and credit of the U.S. Government)	AA- / Aa3 / AA-			
U.S. Agency Mortgage-Backed Securities (MBS)	AA- / Aa3 / AA-	15%		5%
Commercial Paper	A-1 / P-1 / F1	25%	---	5%
Banker's Acceptance (BAs) or Certificates of Deposit (CDs)	A-1 / P-1 / F1	15%	---	5%
Money Market Funds	AAA _m / Aaa-mf / AA _{mmf}	25%	---	n/a
State and local governments (Municipal Obligations)	A / A2 / A	15%	---	5%
Corporate obligations and Other Taxable Securities as defined in Appendix A Corporate Debt Securities	A / A2 / A	50%	---	3%
Repurchase Agreement collateralized at a minimum of 102% with U.S. Treasury or U.S. Agency Securities and marked-to-market daily	n/a	15%	---	5%

B. Credit Quality

Minimum ratings reflect the security rating by two of three National Recognized Statistical Rating Organizations (S&P / Moody's / Fitch) at the time of purchase. However, if there are three credit ratings assigned then two of the three must meet the minimum ratings criteria and the third ratings must not be below A- or A3.. In general, any investment receiving a downgrade that causes the obligation to be outside the stipulated guidelines should be liquidated in a timely fashion as market conditions warrant and the investment

manager should provide a written recommendation to the Finance and Audit Committee Chair and the Executive Director regarding such liquidation; however, immediate sale in a temporarily depressed market is not mandated by this policy.

C. Liquidity and Maturities

To minimize the possibility of an investment loss occasioned by the sale of securities to fund liquidity needs, the Executive Director will notify the investment managers of insolvencies, anticipated insolvencies or projected liquidity needs that may alter the portfolio strategy to provide sufficient time to build up necessary liquid reserves.

- The maximum permitted final maturity for any security in the portfolio is sixty-one (61) months.
 - For purposes of this calculation, the final maturity of any variable or floating rate obligation (collectively, "VROs") with a Demand Feature (a feature permitting the holder of a security to sell such security within 397 days at an exercise price equal to the approximate amortized cost of the security at the time of exercise, where such feature is supported by a letter of credit ("LOC") or other liquidity facility from a bank rated at least A/A2) shall be deemed to be the shortest of the time remaining until the Demand Feature could be exercised or the expiration date of the LOC or liquidity facility that supports such VROs. Any such LOC or liquidity facility must be renewed at least 45 days prior to its expiration to be deemed in effect for purposes of this policy. For VROs without a Demand Feature, the final maturity for purposes of this section is the stated legal maturity.
- The dollar weighted average maturity of the portfolio shall not exceed 730 days, calculated using the interest rate reset period for any VROs without a Demand Feature, and for VROs with a Demand Feature using the longer of the interest rate reset period or the time remaining until the Demand Feature could be exercised.
- The dollar weighted average maturity of the portfolio shall not exceed 910 days, calculated using the stated legal maturity for any VROs without a Demand Feature and for VROs with a Demand Feature using the shortest of the time remaining until the Demand Feature could be exercised or the expiration date of the LOC or liquidity facility that supports such VROs.
- VROs without a Demand Feature shall not represent more than 25% of the Externally Managed Funds.
- Bank Instruments and Non-marketable Securities must have a maximum maturity of less than one year.
- Repurchase Agreements must have a maximum maturity of 30 days or less.

D. Prohibited Assets and Transactions

Prohibited investments include, but are not limited to the following:

1. Options
2. Limited Partnerships
3. Venture-Capital Investments
4. Real Estate Properties
5. Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs
6. Auction Rate Securities
7. Asset-Backed Securities, including Asset-Backed Commercial Paper
8. Non-Agency issued Mortgage-backed Securities (non-Agency MBS) or Collateralized Debt Obligations
9. Derivatives
10. Any and all security types not explicitly listed in this policy unless approved in writing by the Board.

Prohibited transactions include, but are not limited to the following:

1. Short Selling
2. Securities Lending
3. Repurchase Agreements where FIGA lends securities for cash
4. Margin Transactions
5. TBA Rolls
6. Any and all transactions substantially similar, or used as an alternative to the above, unless approved in writing by the Board.

E. Evaluation and Benchmark

FIGA will measure the performance of its portfolio and the performance of each investment manager from various perspectives:

- (i) the portfolio will be measured regularly for compliance with this policy;
- (ii) the portfolio will be analyzed for return performance by comparing the investment managers' performance to each other on a regular basis;
- (iii) the portfolio's performance will be compared to various industry benchmarks – or blends of benchmarks – on a regular basis.

The purpose of using any benchmarks as performance measurement tools is not to guide investment selection – the investment managers' professional judgment, operating within the specific guidelines and restrictions of this policy is meant to be the determinant of investment selection. Rather, FIGA will use any benchmarks to measure overall performance of the investment managers. The investment managers must provide reports to FIGA on a monthly basis that enables FIGA to understand specifically how the portfolio is being invested so this performance analysis can be done. FIGA intends to use the following benchmarks in its performance evaluation:

- A blend of three benchmarks, concentrated as 25% of ICE BofA 0-1 Year AAA-A US Corporate Index (C01A), 25% ICE BofA 0-3 Month US Treasury Bill Index (G0B1), and 50% ICE BoA 1-5 Year AAA-AA US Corporate and Government Index (BVB0)

In addition for performance and compliance reporting, the investment managers must regularly stress-test the portfolio and report quarterly to FIGA the portfolio's ability to meet various levels of credit risk, (i.e.: ratings downgrade after the initial purchase of all corporate and municipal securities by one notch (A/A2 to A-/A3)), redemption of all securities within 30 days, and interest rate changes of ± 25 and ± 50 bps for all securities.

Appendix A-Types of Permitted Securities

CORPORATE DEBT SECURITIES

Corporate Debt securities are fixed income securities issued by businesses. Notes, bonds, debentures and commercial paper are the most prevalent types of corporate debt securities. This also includes bonds or notes issued or guaranteed by non-US sovereign nations or quasi-governmental agencies.

COMMERCIAL PAPER

Commercial Paper is an issuer's obligation with a maturity of less than 270 days. Companies typically issue commercial paper to pay for current expenditures. Most issuers constantly reissue their commercial paper and use the proceeds (or bank loans) to repay maturing paper. If the issuer cannot continue to obtain liquidity in this fashion, its commercial paper may default.

BANK INSTRUMENTS

Bank instruments are unsecured interest bearing deposits with banks. Bank instruments include, but are not limited to, bank accounts, Time Deposits, Certificates of Deposit and Banker's Acceptances. Yankee instruments are denominated in US dollars and issued by non-US branches or foreign banks.

Neither FIGA nor its investment managers may invest in instruments of domestic or foreign banks and savings and loans unless (i) the bank has capital, surplus and undivided profits of over \$100 million; or (ii) the principal amount of the instrument is insured by the Deposit Insurance Fund administered by the Federal Deposit Insurance Corporation either directly or as part of CDARS (Certificate of Deposit Account Registry Service) program.

These instruments may include Eurodollar Certificates of Deposit, Yankee Certificates of Deposit, and Eurodollar Time Deposits.

U.S. TREASURY SECURITIES

U.S. Treasury Securities are direct obligations of the federal government and are backed by the full faith and credit of the United States. There are four types of U.S. Treasury Securities: Treasury Bills, Treasury Notes, Treasury Bonds and Treasury Inflation Protected Securities. Treasury Bills (T-Bills) are issued at a discount (no coupon payments) and have maturities of less than one (1) year. Treasury Notes (T-Notes) have maturities of one (1) to ten (10) years with six-month coupon payment intervals. Treasury Bonds (T-Bonds) have maturities of ten (10) or more years with six-month coupon payment intervals. Treasury Inflation Protected Securities (TIPS) are inflation indexed bonds with principal adjusted to the Consumer Price Index to protect against inflation.

AGENCY SECURITIES

Agency securities are issued or guaranteed by a federal agency or other Government-Sponsored Entity (GSE) acting under federal authority. Some GSE securities are explicitly guaranteed or supported by the full faith and credit of the United States and other GSE securities are implicitly supported through federal subsidies, loans, or other benefits.

Explicitly Guaranteed by Federal Government

Securities supported by the full faith and credit of the United States include, but are not limited to, securities issued by the Government National Mortgage Association (GNMA), Small Business Administration, Financial Assistance Corporation, Farmer's Home Administration, Federal Financing Bank, General Services Administration, Department of Housing and Urban Development, Export-Import Bank, U.S. International Development Finance Corporation, and Washington Metropolitan Area Transit Authority.

Implicitly Guaranteed by Federal Government

The following GSE securities receive support through federal subsidies, loans, or other benefits. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System (FHLB), Federal

Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and Tennessee Valley Authority in support of such obligations.

A few other GSE securities have no explicit financial support, but are regarded as having support because the federal government sponsors their activities. These include securities issued by the Farm Credit System, Financing Corporation, and Resolution Funding Corporation.

MUNICIPAL SECURITIES

Municipal securities are issued by states, counties, cities, and other political subdivisions and authorities.

MONEY MARKET MUTUAL FUNDS

Money Market Mutual Funds are registered investment companies that comply with Rule 2a-7 of the Investment Company Act of 1940.

MORTGAGE BACKED SECURITIES

Agency Mortgage Backed Securities (MBS) investments are limited to pass-through and agency issued collateralized mortgage obligations (CMO) securities issued by the GNMA, FNMA and FHLMC. GNMA is a U.S. Government Agency security while FNMA and FHLMC are GSE's. Allowable MBS investments do not include interest-only or principal-only CMOs, private label or other types of MBS.

REPURCHASE AGREEMENTS (REPOs)

Repurchase Agreements are a form of short-term borrowing often used by broker-dealers. The dealer sells securities to investors, and buys them back at an agreed upon price on an agreed upon day.

Repurchase Agreements are permitted for use by FIGA when transacted with any registered broker/dealer or any domestic commercial bank whose unsecured long-term debt obligations are rated at least "A2" by Moody's and "A" by S &P without regard to gradation. In addition, (a) a specific written repurchase agreement must govern the transaction, (b) the securities must be held free and clear of any lien, by the Indenture Trustee or an independent third party acting solely as agent for the Indenture Trustee, and (c) such party must be a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$100 million, and the Indenture Trustee must have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Indenture Trustee.

Any Repurchase Agreement must be collateralized at least 102% with U.S. Government or Agency securities, excluding MBS. All Repurchase Agreements must be marked-to-market daily.

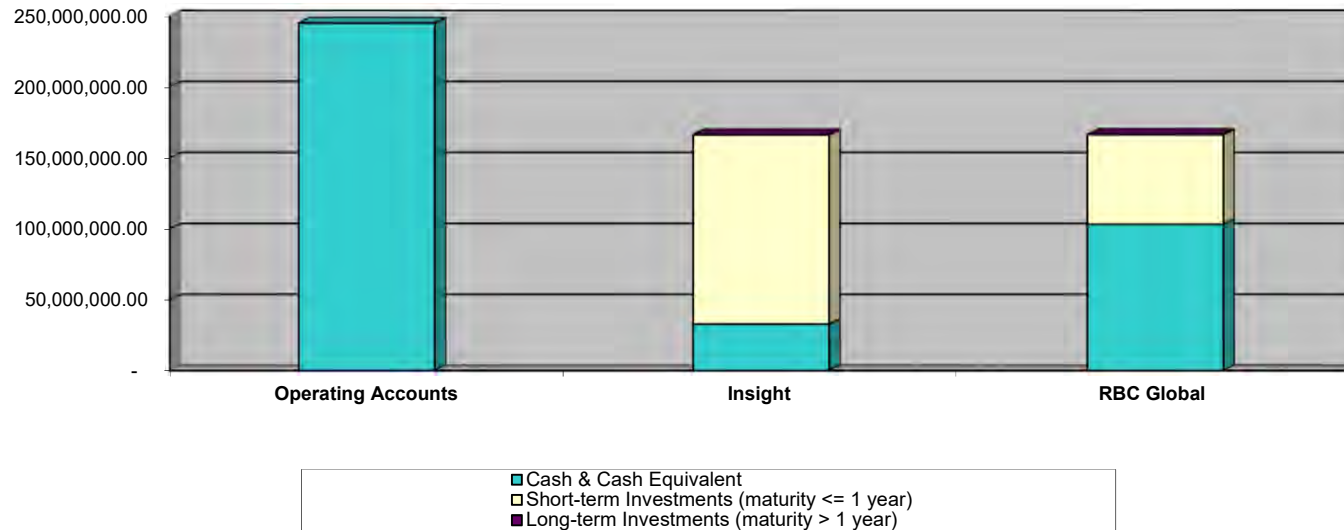
- Investment Report- February 28, 2025
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Florida Insurance Guaranty Association, Inc.

INVESTMENT PORTFOLIO

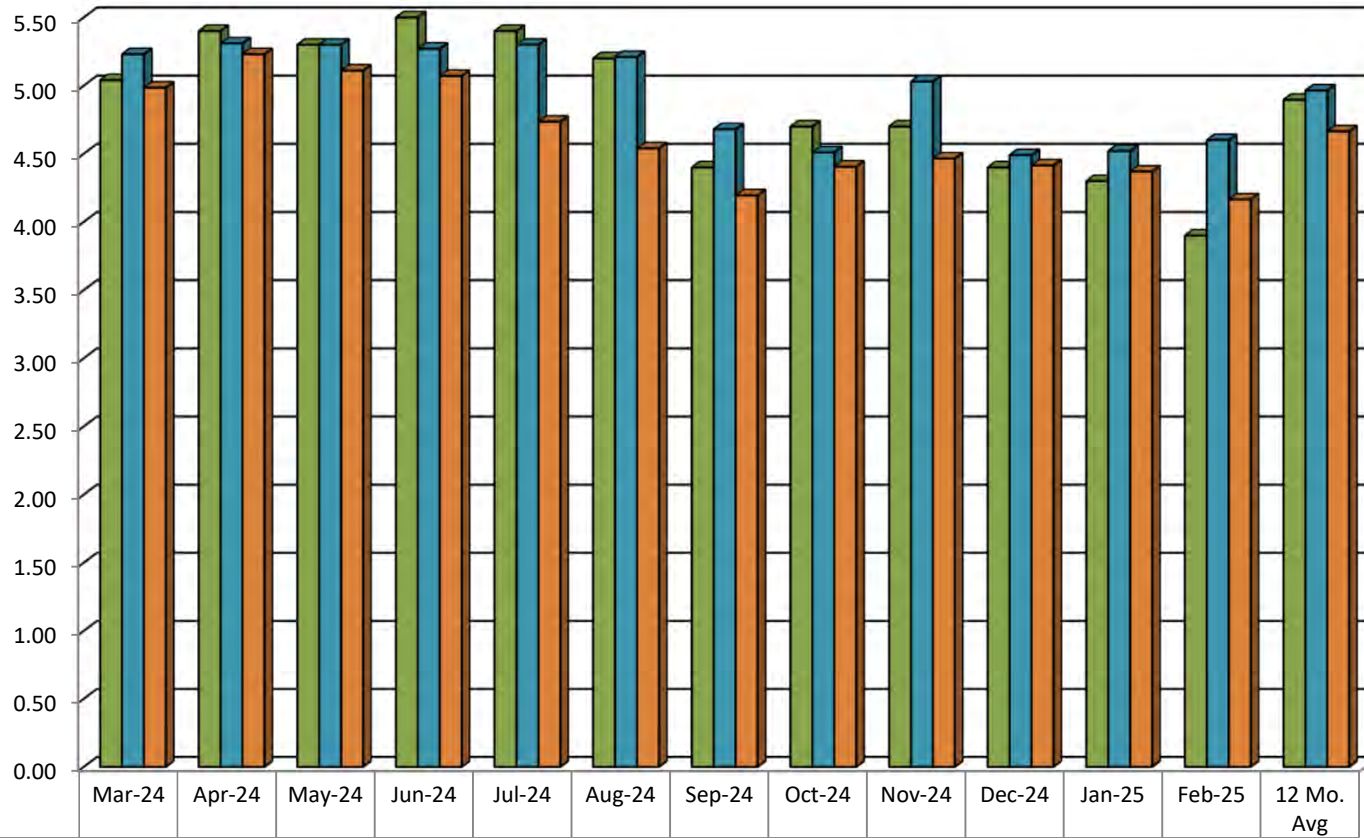
2/28/2025

	Operating Accounts	%	Insight	%	RBC Global	%	Total Investment Portfolio	%
Portfolio								
Cash & Cash Equivalent	\$ 10,583,853		32,841,097		103,502,915	18%	\$ 146,927,864	25%
Cash - BNY Mellon	50,967,393					0%	50,967,393	9%
Restricted Cash - Interim/Bond Financing	183,314,507					0%	183,314,507	32%
Short-term Investments			133,497,668		62,895,210	11%	196,392,877	34%
Long-term Investments			-		99,947	0%	99,947	0%
Total Investment Portfolio	\$ 244,865,754	42%	\$ 166,338,764	29%	\$ 166,498,071	29%	\$ 577,702,589	



The portfolio was compliant with investment policy as of 2/28/2025.

Florida Insurance Guaranty Association, Inc.
PORTFOLIO YIELDS



Insight *	5.04	5.40	5.30	5.50	5.40	5.20	4.40	4.70	4.70	4.40	4.30	3.90	4.90
RBC *	5.23	5.31	5.30	5.27	5.30	5.21	4.68	4.51	5.03	4.49	4.52	4.60	4.96
Benchmark #	4.99	5.23	5.11	5.07	4.74	4.54	4.20	4.41	4.47	4.42	4.37	4.17	4.66

AUDIT REPORTS (Action)

- FIGA
- AGFG

- FIGA
-

Financial Statements – Modified Cash Basis
and Other Financial Information



Florida Insurance Guaranty Association, Inc.

*Years ended December 31, 2024 and 2023
with Report of Independent Auditors*



Florida Insurance Guaranty Association, Inc.

Financial Statements – Modified Cash Basis
and Other Financial Information

Years ended December 31, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
Florida Insurance Guaranty Association, Inc.

Opinion

We have audited the financial statements of the Florida Insurance Guaranty Association, Inc. (the Association) which comprise the statements of financial position - modified cash basis as of December 31, 2024 and 2023, the related statements of activities and changes in net assets (liabilities) - modified cash basis and statements of functional expenses - modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2024 and 2023, and the results of its operations and revenue collected and expenses paid during the years then ended in accordance with the modified basis of cash receipts and disbursements described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 1 of the financial statements, which describes the basis of accounting, the financial statements are prepared on the modified basis of cash receipts and disbursements, 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.

Page Two

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified basis of cash receipts and disbursements described in Note 1; this includes determining that the modified basis of cash receipts and disbursements is an acceptable basis of accounting 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.

Page Three

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of activities and changes in net assets (liabilities) - modified cash basis are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Tallahassee, Florida
NEED DATE

Florida Insurance Guaranty Association, Inc.

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purposes only.
Not for outside distribution.

Statements of Financial Position
- Modified Cash Basis

	December 31	
	2024	2023
Assets		
Cash and short-term investments:		
Cash and cash equivalents	\$ 364,230,716	\$ 293,585,908
Short-term investments	179,193,587	21,615,944
Total cash and short-term investments	543,424,303	315,201,852
Assessments receivable	280,280,000	291,694,531
Other receivables	-	94,906
Accrued interest income	1,151,895	190,498
Investments	99,942	7,780,682
Bond issuance cost, net	1,524,997	1,935,505
Property and equipment, net	859,054	878,257
Total assets	<u>\$ 827,340,191</u>	<u>\$ 617,776,231</u>
Liabilities and net assets		
Liabilities:		
Amounts held for others	\$ -	\$ 10,006
Notes payable	-	15,000,000
Bonds payable	553,063,642	607,212,362
Accrued interest	7,303,176	11,449,930
Total liabilities	560,366,818	633,672,298
Net assets (liabilities):		
Without donor restrictions:		
Statutorily designated for automobile liability and physical damage	56,555,200	53,894,665
Statutorily designated for other covered lines	210,418,173	(69,790,732)
Total net assets (liabilities)	266,973,373	(15,896,067)
Total liabilities and net assets	<u>\$ 827,340,191</u>	<u>\$ 617,776,231</u>

See accompanying notes.

Statements of Activities and Changes in Net Assets (Liabilities)
- Modified Cash Basis

	Years ended December 31,	
	2024	2023
Revenues:		
Assessments	\$ 370,370,277	\$ 332,437,238
Investment income, net of related expenses	27,396,331	18,981,359
Estate distributions and claim recoveries	427,722,842	126,865,039
Total revenues	<u>825,489,450</u>	<u>478,283,636</u>
Expenses:		
Claims and claims adjustment expenses paid	539,896,335	771,220,001
Direct estate services	139,791	241,752
General and administrative	2,583,884	2,341,899
Total expenses	<u>542,620,010</u>	<u>773,803,652</u>
Change in net assets	282,869,440	(295,520,016)
Net (liabilities) assets at beginning of year	(15,896,067)	279,623,949
Net assets (liabilities) at end of year	<u>\$ 266,973,373</u>	<u>\$ (15,896,067)</u>

See accompanying notes.

Florida Insurance Guaranty Association, Inc.

Statement of Functional Expenses
- Modified Cash Basis

Year ended December 31, 2024

	Claims and Claims Adjustment Expenses Paid	Direct Estate Services	General and Administrative	Total Expenses
Interest	\$ 24,050,976	\$ -	\$ -	\$ 24,050,976
Claims and claims adjustment expense	510,444,233	-	-	510,444,233
Salaries and benefits	1,517,485	65,872	1,415,016	2,998,373
Temporary labor	3,531,681	-	-	3,531,681
Premises	33,102	3,590	20,116	56,808
Accounting and auditing	-	-	79,874	79,874
Bank fees	-	25	40,976	41,001
Travel	-	-	10,142	10,142
Consulting	20,400	-	70,005	90,405
Dues and publications	8,333	-	183,287	191,620
Technology	257,293	-	342,466	599,759
Insurance	10,179	-	106,762	116,941
Legal and legislative fees	-	7,268	148,106	155,374
Office supplies	-	-	8,935	8,935
Postage and shipping	-	63,037	47,866	110,903
Travel and staff development	22,591	-	18,878	41,469
Taxes and licenses	-	-	16,968	16,968
Communication	62	-	74,487	74,549
	<u>\$ 539,896,335</u>	<u>\$ 139,791</u>	<u>\$ 2,583,884</u>	<u>\$ 542,620,010</u>

See accompanying notes.

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Florida Insurance Guaranty Association, Inc.

Statement of Functional Expenses
- Modified Cash Basis

Year ended December 31, 2023

	Claims and Claims Adjustment Expenses Paid	Direct Estate Services	General and Administrative	Total Expenses
Interest	\$ 22,080,943	\$ -	\$ -	\$ 22,080,943
Claims and claims adjustment expense	745,171,399	-	-	745,171,399
Salaries and benefits	1,616,268	70,160	1,234,419	2,920,847
Temporary labor	1,934,930	-	-	1,934,930
Premises	31,941	3,289	19,411	54,641
Accounting and auditing	-	-	76,687	76,687
Bank fees	-	30,218	38,960	69,178
Travel	-	-	462	462
Consulting	45,400	-	54,446	99,846
Dues and publications	4,662	-	174,830	179,492
Technology	251,705	-	400,269	651,974
Insurance	10,245	-	105,427	115,672
Legal and legislative fees	-	34,186	109,682	143,868
Office supplies	-	-	16,363	16,363
Postage and shipping	-	103,899	33,219	137,118
Travel and staff development	17,789	-	25,887	43,676
Taxes and licenses	-	-	18,584	18,584
Communication	54,719	-	33,253	87,972
	\$ 771,220,001	\$ 241,752	\$ 2,341,899	\$ 773,803,652

See accompanying notes.

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Years ended December 31, 2024 and 2023

1. Organization and Significant Accounting Policies

The Florida Insurance Guaranty Association, Inc. (the Association), a not-for-profit corporation, was established by the Florida Legislature through the Florida Insurance Guaranty Act of 1970 (the Act). The Association was created to provide a mechanism for the payment of covered claims of insolvent insurers and to assist in the detection and prevention of insurer insolvencies. The Association operates under the supervision and approval of a board of directors, comprised of not less than five and no more than nine persons, recommended by member insurers pursuant to Chapter 631.56, Florida Statutes, and subsequently appointed by the Florida Department of Financial Services.

The Association is managed by the American Guaranty Fund Group (AGFG) through a management and administrative services agreement (see Note 8). AGFG also has an agreement with the Florida Workers' Compensation Insurance Guaranty Association (FWCIGA), a related party through common management, for these services. The Association and FWCIGA are equal members of AGFG, but control is maintained by the members through equal representation on the board of directors.

The members of the Association are all insurers that provide property and casualty coverages in the state of Florida. The funding of the Association's activities is provided by distributions from the estates of insolvent insurers, assessments of members, and investment income.

The accounting policies and methods of their application that significantly affect the assets and liabilities arising from cash transactions and changes in the modified cash basis net assets of the Association are as follows:

Basis of Accounting

The financial statements of the Association are prepared on a modified basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of presentation differs from GAAP in that certain revenues are recognized when received rather than earned and certain expenses are recognized when paid rather than when the obligation is incurred. Specifically, the variances from GAAP include omission of accruals for loss and loss adjustment expense reserves of insolvent insurance companies assumed by the Association. Such variances are presumed to be material. However, similar to financial statements prepared in accordance with GAAP, these financial statements reflect the capitalized cost of property and equipment and related depreciation, accrued interest income, assessment receivables, bonds and notes payable and related issuance costs and accrued interest expense, and amounts held by the Association for others in a fiduciary capacity. The accompanying financial statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Notes to Financial Statements – Modified Cash Basis

1. Organization and Significant Accounting Policies (continued)**Cash and Cash Equivalents**

Cash and cash equivalents consist of deposits with financial institutions and deposits in highly liquid money market funds with original maturities of three months or less. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per FDIC-insured financial institution. Bank deposits at times may exceed federally insured limits. The Association has not experienced any losses in such accounts.

Investments

Investments are reported at amortized cost. Short-term investments include securities with original maturity dates of one year or less.

Concentration of Credit Risk

The Association's financial instruments exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, investments, and assessment revenue.

All investment transactions have credit exposure to the extent that a counterparty may default on an obligation to the Association. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Association focuses primarily on higher quality, fixed income securities, reviews the credit strength of all entities in which it invests, limits its exposure in any one investment, and monitors portfolio quality, taking into account credit ratings assigned by recognized credit rating organizations.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over an estimated useful life of three to 39 years. The Association's policy is to capitalize asset acquisitions greater than \$1,000.

Net Assets

The Association's modified cash basis net assets represent funds held from assessments, and other sources to pay covered property and casualty claims of insolvent insurers and administrative costs as they come due.

All net assets of the Association are designated by the Florida Insurance Guaranty Act of 1970 for the organizational purposes described above.

Notes to Financial Statements – Modified Cash Basis

1. Organization and Significant Accounting Policies (continued)**Income Taxes**

The Association is exempt from federal income taxes under Section 501 of the Internal Revenue Code as a 501(c)(6) organization. The Association elects to pay the proxy tax on lobbying expenditures instead of reporting a portion of member assessments as non-deductible. There was no income tax expense for the years ending December 31, 2024 and 2023. With few exceptions, the Association is no longer subject to examinations by major tax jurisdictions for years ended December 31, 2020 and prior.

Assessments

Assessment receivables and revenue are recorded at the time they are levied. Original estimates are decreased or increased in the period additional information becomes known regarding the estimated assessments.

The assessments are calculated and, as considered necessary, levied against member insurers on the basis of direct written premiums in the state of Florida in the classes protected by the Act. The Association obtains the amount of the direct written premiums, by company and by class of protection, which is used as the basis for assessment calculations. The maximum regular assessment rate is 2%. In addition to the regular assessment, during 2020, the Florida Legislature granted the Association the authority to levy an emergency assessment up to an additional 4% of direct written premiums for the account specified in Section 631.57(3)(e).

On August 26, 2021, a regular assessment (2021 Assessment) of 0.7% totaling \$168,000,000 was levied on the “all other” cover lines of business. Member insurers were to collect an equivalent surcharge on new and renewal policies with 2022 effective dates and were to remit assessments quarterly on or before July 1, 2022, October 1, 2022, and December 1, 2022. Members were to remit their final assessment installment on or before March 31, 2023.

On February 28, 2022, a regular assessment (2022A Assessment) of 1.3% totaling \$318,500,000 was levied for the “all other” covered lines of business. Member insurers were to collect an equivalent surcharge on new and renewal policies and were to remit assessments over the assessment year starting July 1, 2022 through June 30, 2023.

On August 26, 2022, a regular assessment (2022B Assessment) of 0.7% totaling \$171,500,000 was levied for the “all other” covered lines of business. Member insurers were to collect an equivalent surcharge on new and renewal policies and were to remit assessments over the assessment year starting January 1, 2023 through December 31, 2023.

Notes to Financial Statements – Modified Cash Basis

1. Organization and Significant Accounting Policies (continued)**Assessments (continued)**

On April 10, 2023, a multi-year emergency assessment (2023A Assessment) of 1.0% was levied for the “all other” covered lines of business. Member insurers were to collect and remit an equivalent surcharge on new and renewal policies each assessment year starting October 1, 2023 through September 30, 2024 (2023A Assessment Year 1), and continuing each successive assessment year until the 2023A-1 and 2023A-2 bonds have been paid in full. Assessments were recorded totaling \$270,280,000 for 2023A Year 1 and \$280,280,000 for the assessment year starting October 1, 2024 through September 30, 2025 (2023A Assessment Year 2). Notice will be sent to all member insurers on or before June 30 of the final assessment year, to inform insurers that they may end the collection of the 1.0% emergency assessment. See note 7 for a description of the bond details.

As of December 31, 2024, the Association has collected approximately \$184,000,000 on the 0.7% assessment levied in 2021.

As of December 31, 2024, the Association has collected approximately \$582,700,000 on the 1.3% and 0.7% assessments levied in 2022.

As of December 31, 2024, the Association has collected approximately \$314,000,000 on the 1.0% emergency assessment levied in 2023 for 2023A Year 1 and \$0 on the 1% emergency assessment levied in 2024 for 2023A Year 2.

Assessments receivable at December 31, 2024 and 2023, are approximately \$280,280,000 and \$291,690,000, respectively.

Investment Income

The Association allocates interest income earned from investments to the individual net asset classification based on the ratio of each classification’s average monthly balance to the average monthly balance for all classifications. Interest income is recorded in the period earned.

Estate Distributions and Claim Recoveries

Amounts received by the Association for estate distributions and claim recoveries are recognized in the period received. Estate distributions and claim recoveries include reinsurance recoveries by the receivers, Florida Hurricane Catastrophe Fund reimbursements, direct claim recoveries, and any other distributions of estate assets.

Claims and Claims Adjustment Expenses Paid

Claims and claims adjustment expenses paid consist of the amounts paid on claims of insolvent insurers.

Notes to Financial Statements – Modified Cash Basis

1. Organization and Significant Accounting Policies (continued)**Direct Estate Services**

Direct estate expenses are expenses paid by the Association related directly to the protection of the Association's interest in the administration of specific insolvent insurers' estates.

General and Administrative Expenses

The Association records general and administrative expenses when paid. General and administrative expenses are allocated monthly based on a formula that incorporates the amounts paid for claims and claims handling as well as the changes in outstanding reserves for each estate by line of business in their proportion to the total activity for that month.

Use of Estimates

The preparation of financial statements in conformity with the modified basis of cash receipts and disbursements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The statement of functional expenses contains certain categories of expenses that are attributable to one or more program or supporting functions of the Association. These expenses include depreciation, which is allocated on a direct method for assets directly related to the program and allocated based on estimates of time and effort for assets acquired for all departments. The Association's executive office expenses, including salaries of senior management, are all allocated based on estimates of time and effort.

Subsequent Events

The Association has evaluated subsequent events through NEED DATE, the date the financial statements were available to be issued. During the period from December 31, 2024 to NEED DATE, the Association did not have any material recognizable subsequent events.

Notes to Financial Statements – Modified Cash Basis

2. Investments

The Association invests in government and corporate bonds, commercial paper, and other fixed maturity obligations. The fair values of investments are estimated based on their quoted market values for the specific investments. The amortized cost and fair value of these investments are as follows:

	December 31, 2024	
	Amortized	
	Cost	Fair Value
U.S. Treasury notes	\$ 13,300,348	\$ 13,300,431
U.S. Government agency obligations	112,762,647	112,656,405
Municipal obligations	1,253,824	1,240,805
Corporate bonds	51,976,710	51,947,299
	<u>179,293,529</u>	<u>179,144,940</u>
Less short-term investments	179,193,587	179,050,316
Investments	<u>\$ 99,942</u>	<u>\$ 94,624</u>

	December 31, 2023	
	Amortized	
	Cost	Fair Value
U.S. Government agency obligations	\$ 6,358,760	\$ 6,146,648
U.S. Agency mortgage-backed securities	1,221,013	1,210,259
Municipal obligations	4,583,824	4,456,931
Corporate bonds	14,480,432	14,285,137
Repurchase agreements	2,752,597	2,714,633
	<u>29,396,626</u>	<u>28,813,608</u>
Less short-term investments	21,615,944	21,453,174
Investments	<u>\$ 7,780,682</u>	<u>\$ 7,360,434</u>

A summary of the amortized cost and fair value of the Association's fixed-maturity investments at December 31, 2024, by maturity is as follows:

	Amortized	
	Cost	Fair Value
Due in one year or less	\$ 179,193,587	\$ 179,050,316
Due after one year through five years	99,942	94,624
Total	<u>\$ 179,293,529</u>	<u>\$ 179,144,940</u>

The foregoing data is based on the expected maturities for bonds. These expected maturities might differ from the contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Notes to Financial Statements – Modified Cash Basis

Investment income consists of interest income and net realized gains (losses) and is reported net of investment management expenses of \$123,862 and \$82,466 for the years ended December 31, 2024 and 2023, respectively. Net realized gains (losses) for the years ended December 31, 2024 and 2023, were \$19 and \$223,544, respectively.

3. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis.

December 31, 2024				
	Total	Level 1	Level 2	Level 3
U.S. Government and government agency bonds	\$ 125,956,836	\$ —	\$ 125,956,836	\$ —
Municipal obligations	1,240,805	—	1,240,805	—
Corporate bonds	51,947,299	—	51,947,299	—
	\$ 179,144,940	\$ —	\$ 179,144,940	\$ —

December 31, 2023				
	Total	Level 1	Level 2	Level 3
U.S. Government and government agency bonds	\$ 6,146,648	\$ —	\$ 6,146,648	\$ —
Asset-backed securities	1,210,259	—	1,210,259	—
Municipal obligations	4,456,931	—	4,456,931	—
Corporate bonds	14,285,137	—	14,285,137	—
Repurchase agreements	2,714,633	—	2,714,633	—
	\$ 28,813,608	\$ —	\$ 28,813,608	\$ —

Notes to Financial Statements – Modified Cash Basis

3. Fair Value Measurements (continued)

Fair values of the Association's debt securities (bonds) reported in Level 2 are based on average bid prices of identical or similar issues with the same life and expected yields. There have been no changes in the methodologies used at December 31, 2024 and 2023.

4. Available Resources and Liquidity

The Association's modified cash basis financial assets represent funds held from assessments and other sources to pay covered property and casualty claims of insolvent insurers, monitor the administrations of insolvent insurers estates and protect the Association's interest, and administrative costs as they come due.

	December 31,	
	2024	2023
Financial assets at end of year:		
Cash and cash equivalents	\$ 364,230,716	\$ 293,585,908
Investments	179,293,529	29,396,626
Accrued interest income	1,151,895	190,498
Total financial assets available for statutorily designated use	<u>\$ 544,676,140</u>	<u>\$ 323,173,032</u>

5. Property and Equipment

Property and equipment consists of the following:

	December 31,	
	2024	2023
Land	\$ 310,000	\$ 310,000
Building	883,463	883,463
Office furniture and equipment	38,792	39,067
Computer equipment and software	779,563	769,948
Leasehold improvements	168,303	137,852
	<u>2,180,121</u>	<u>2,140,330</u>
Less accumulated depreciation	1,321,067	1,262,073
	<u>\$ 859,054</u>	<u>\$ 878,257</u>

During the years ended December 31, 2024 and 2023, the Association recorded depreciation expense of approximately \$59,000 and \$53,000, respectively.

Notes to Financial Statements – Modified Cash Basis

5. Property and Equipment (continued)

The Association and FWCIGA are the owners of real property together with certain tangible property. The Association owns an undivided 50% interest in the property which is reported above as land and building.

6. Notes Payable

On August 31, 2022, the Association entered into a loan agreement with a financial institution. The loan agreement was for \$150,000,000, with \$60,000,000 of the outstanding principal at a variable rate of the SOFR plus .81% annually, and \$90,000,000 of the outstanding principal at a fixed rate of 4.11% annually. The loan is secured by the 2022B assessment collections and any future assessments needed to repay the debt. Interest and principal payments are due quarterly beginning on June 1, 2023, with a final maturity date of September 1, 2024.

The balance of the notes payable and accrued interest payable at December 31, 2023 was \$15,000,000 and \$51,375, respectively.

7. Bonds Payable*Insurance Assessment Revenue Bonds*

In 2006, the Association was granted the authority to work with an affected municipality, county, or financing conduit organization under Chapter 163, Florida Statutes, to issue tax-exempt bonds should the funding need arise for the account specified in Section 631.55(2)(b). As of December 31, 2024, the Association has issued \$590,325,000 in tax-exempt bonds.

Notes to Financial Statements – Modified Cash Basis

7. Bonds Payable (continued)

On March 31, 2023, the board voted to approve a resolution requesting that the Florida Insurance Assistance Interlocal Agency (FIAIA) issue tax-exempt revenue bonds to fund the Hurricane Covered Claims Assistance Program to provide for the payment of covered claims resulting from insurance companies that have become insolvent or may become insolvent as a result of losses incurred due to hurricane claims.

The Association requested that FIAIA issue a short-term debt obligation in the form of a bond anticipation note (Series 2023A Bond Anticipation Note) in the amount of \$150,000,000 to provide interim funding until the bond issuance. The Series 2023A Bond Anticipation Note allowed the Association to begin processing the payment of hurricane claims on an expedited basis, and thereafter to use its best efforts to issue Insurance Assessment Revenue Bonds, Series 2023A (Series 2023A Bonds) in an amount not to exceed \$750,000,000 to repay the Series 2023A Bond Anticipation Note and to provide additional funding for the payment of future covered claims.

On April 10, 2023, FIAIA approved the resolution to issue the \$150,000,000 Bond Anticipation Note, Series 2023A (Hurricane Covered Claims Assistance Program). The resolution approved by the Association board also certified the need for a 1% emergency assessment and provided that the assessment be authorized in advance for each assessment year beginning October 1, 2023 through September 30, 2024, and continuing until the end of the assessment year in which all notes and bonds have been paid in full and are no longer outstanding.

On April 10, 2023, the Florida Office of Insurance Regulation (the Office) issued an Order levying the 1% emergency assessment. Pursuant to the Indenture Trust, the 1% emergency assessment was pledged to the security and payment of the Series 2023A Bonds. The Association has covenanted to certify to the Office the need to levy additional pledged emergency assessments up to the maximum amount permitted by applicable law, for so long as is needed, if required to ensure the full and timely payment of the principal of and interest on the notes and bonds.

On July 1, 2023, FIAIA, on behalf of the Association, issued \$465,325,000 in Series 2023A-1 Assessment Revenue Bonds and \$125,000,000 in Series 2023A-2 Assessment Revenue Bonds. The Series 2023A-1 Bonds were issued at an interest rate of 5%, payable semi-annually on March 1 and September 1, beginning March 1, 2024. The Series 2023A-2 Assessment Revenue Bonds were issued at the Weekly Interest Rate determined by Bank of America Securities, Inc., payable on the first business day of each month beginning August 1, 2023.

Notes to Financial Statements – Modified Cash Basis

7. Bonds Payable (continued)

On July 1, 2023, the FIAIA and the Bank of New York Mellon entered a Trust Indenture that outlined how the \$608,418,000 (\$465,325,000 principal of the 2023A-1 bonds, the original issue premium of \$18,093,000, and \$125,000,000 principal of the 2023A-2 bonds) of proceeds from the Series 2023A Bond issuance would be used. \$450,000,000 was to be deposited into the claims subaccount of the claims fund and used to pay covered claims. \$150,000,000 was to be used to repay outstanding principal on the Series 2023A Bond Anticipation Note. \$1,751,000 was to be used to pay the accrued interest on the note and \$317,000 for the cost of issuances. \$6,350,000 was to be deposited in the debt service fund to pay interest. Accumulated bond premium amortization expense is approximately \$4,824,000 and \$1,206,000 as of December 31, 2024 and 2023, respectively, and is included in bonds payable in the statement of financial position – modified cash basis.

On July 13, 2023, in accordance with the Trust Indenture between FIAIA and the Bank of New York Mellon Trust Company, the \$150,000,000 Series 2023A Bond Anticipation Note, along with accrued interest of \$1.75 million, was paid with a portion of the Series 2023A bond proceeds.

Interest expense of approximately \$24,051,000 and \$22,081,000 was recorded for the years ended December 31, 2024 and 2023, respectively, and is included in claims and claims adjustment expenses paid in the statements of activities and changes in net assets (liabilities) – modified cash basis.

As of December 31, 2024 and 2023, the Series 2023A-1 and Series 2023A-2 bonds have accumulated unpaid interest of approximately \$7,303,000 and \$11,550,000, respectively. The Series 2023A bond debt service for subsequent years is as follows:

Series 2023A-1

	<u>Principal</u>	<u>Interest</u>
2025	115,765,000	20,739,750
2026	121,905,000	14,951,500
2027	100,000,000	8,856,250
2028	77,125,000	3,856,250
	<u>\$414,795,000</u>	<u>\$48,403,750</u>

Series 2023A-2

	<u>Principal</u>	<u>Interest</u>
2025	—	6,242,842
2026	—	6,250,000
2027	—	6,250,000
2028	—	6,257,158
Thereafter	125,000,000	24,999,999
	<u>\$125,000,000</u>	<u>\$49,999,999</u>

Notes to Financial Statements – Modified Cash Basis

7. Bonds Payable (continued)

A summary of changes in bonds payable is as follows:

Descriptions	Balance at December 31, 2023	Additions	Payment	Balance at December 31, 2024	Due Within One Year
Series 2023A- 1 Bonds	\$465,325,000	\$ —	\$50,530,000	\$ 414,795,000	\$115,765,000
Series 2023A- 2 Bonds	125,000,000	—	—	125,000,000	—
Total	\$590,325,000	\$ —	\$50,530,000	\$ 539,795,000	\$115,765,000

A summary of bonds payable at December 31, 2024 and 2023 is as follows:

Description	2024	2023
Insurance Assessment Revenue Bonds Series 2023A-1 issued July 2023 in the amount of \$465,325,000 at an interest rate of 5.00%. Interest is due semi-annually on March 1 and September 1 with principal maturity paid from September 2024 through September 2028.	\$ 414,795,000	\$ 465,325,000
Insurance Assessment Revenue Bonds Series 2023A-2 issued July 2023 in the amount of \$125,000,000 at the Weekly Interest Rate determined by the Bank of America Securities, Inc. Interest is due on the first business day of each month beginning August 1, 2023, with principal maturity paid September 2032.	125,000,000	125,000,000
Total Revenue Refunding Bonds	\$ 539,795,000	\$ 590,325,000

Notes to Financial Statements – Modified Cash Basis

8. Management Services Agreement

The Association and FWCIGA have entered into agreements with AGFG to provide management and administrative services. Under the terms of the Association's agreement, AGFG provides management and administrative services, including but not limited to general management responsibility, finance and accounting, overseeing and managing the Association's claims division, managing and supervising the day-to-day activities of the Association, and other management or administrative services. The Association and FWCIGA reimburse AGFG for all amounts paid by AGFG. Costs incurred by AGFG that are directly attributable to a specific entity are charged to the applicable entity. All other costs incurred by AGFG are distributed equitably to the Association and FWCIGA based on various allocation methods. The Association's contract may be terminated with 30 days written notice by either party, with or without cause. The Association and FWCIGA each pay AGFG in advance of each calendar year an amount equal to the two-month average budget for that entity projected for the upcoming calendar year. The operating advance paid to AGFG was approximately \$559,000 and \$1,082,000 at December 31, 2024 and 2023, respectively.

Amounts paid to AGFG under this agreement totaled approximately \$7,885,000 and \$6,773,000 for the years ended December 31, 2024 and 2023, respectively, and are reported in general and administrative expenses, claims and claims adjustment expenses, and direct estate expenses.

9. Commitments and Contingencies

As more fully described in Note 1, the Association has assumed the outstanding claims and claims adjustment expense liabilities of insolvent property and casualty insurers in the state of Florida. The case-basis claims and claim adjustment expense reserves for known insolvent insurers at December 31, 2024 and 2023, are approximately \$146,047,000 and \$253,678,000, respectively. An actuarial determination of the ultimate value of the outstanding claim liabilities has not been made. In addition to the Association's obligation to pay the outstanding claims and claims adjustment expenses of insolvent insurers, the Association is also obligated to pay the unearned premium liabilities of insolvent insurers. There is no known outstanding unearned premium obligation of insolvent insurers at December 31, 2024 and 2023.

The Association receives early access distributions from the receivers of insolvent insurers. Some of these distributions have been received pursuant to agreements that provide that in the event the distributions exceed the Association's final pro rata distribution from the insolvencies, the Association will return any excess to the receiver.

The Association is involved in various legal actions in its capacity as the provider of funds for the settlement of covered claims and return of unearned premiums under certain insurance policies of insolvent companies. The costs of such legal actions to the Association are recorded as claims and claims handling expenses when paid.

Notes to Financial Statements – Modified Cash Basis

9. Commitments and Contingencies (continued)

The Association has filed contingent proofs of claims with the Florida Department of Financial Services, Division of Rehabilitation and Liquidation and with out-of-state receivers to protect its right of recovery from the various insolvent companies for claims and expenses paid. General and administrative expenses are a priority claim with the receivers in most states.

During the ordinary course of business, the Association is involved in various litigation. The ultimate outcome of such litigation is uncertain. However, management and legal counsel are of the opinion that any resulting unfavorable outcomes would have minimal adverse economic impact on the Association.

10. Retirement Plan

The Association employees have the option of participating in the AGFG 401(k) Profit Sharing Plan (the Plan). The Plan is available to employees meeting certain entry requirements. The Association makes discretionary employer contributions to the Plan on a matching basis. Employer contributions paid for the years ended December 31, 2024 and 2023, were approximately \$181,000 and \$168,000, respectively.

Other Financial Information

Florida Insurance Guaranty Association, Inc.

Schedule of Activities and Changes in Net Assets (Liabilities)
- Modified Cash Basis

Year ended December 31, 2024

	Automobile Liability and Physical Damage	Other Covered Lines	Total
Revenues:			
Assessments	\$ -	\$ 370,370,277	\$ 370,370,277
Investment income, net of related expenses	41,572	27,354,759	27,396,331
Estate distributions and claim recoveries	3,991,973	423,730,869	427,722,842
Total revenues	4,033,545	821,455,905	825,489,450
Expenses:			
Claims and claims adjustment expenses paid	1,366,167	538,530,168	539,896,335
Direct estate expenses	1,875	137,916	139,791
General and administrative	4,968	2,578,916	2,583,884
Total expenses	1,373,010	541,247,000	542,620,010
Change in net assets	2,660,535	280,208,905	282,869,440
Statutorily designated net assets (liabilities) at beginning of year	53,894,665	(69,790,732)	(15,896,067)
Statutorily designated net assets at end of year	\$ 56,555,200	\$ 210,418,173	\$ 266,973,373

See report of independent auditors.

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Florida Insurance Guaranty Association, Inc.

Schedule of Activities and Changes in Net Assets (Liabilities)
- Modified Cash Basis

Year ended December 31, 2023

	Automobile Liability and Physical Damage	Other Covered Lines	Total
Revenues:			
Assessments	\$ -	\$ 332,437,238	\$ 332,437,238
Investment income, net of related expenses	25,835	18,955,524	18,981,359
Estate distributions and claim recoveries	7,186,422	119,678,617	126,865,039
Total revenues	<u>7,212,257</u>	<u>471,071,379</u>	<u>478,283,636</u>
Expenses:			
Claims and claims adjustment expenses paid	2,682,678	768,537,323	771,220,001
Direct estate expenses	1,783	239,969	241,752
General and administrative	8,492	2,333,407	2,341,899
Total expenses	<u>2,692,953</u>	<u>771,110,699</u>	<u>773,803,652</u>
Change in net assets	4,519,304	(300,039,320)	(295,520,016)
Statutorily designated net assets at beginning of year	49,375,361	230,248,588	279,623,949
Statutorily designated net assets (liabilities) at end of year	<u>\$ 53,894,665</u>	<u>\$ (69,790,732)</u>	<u>\$ (15,896,067)</u>

See report of independent auditors.

DRAFT
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To the Finance and Audit Committee
Florida Insurance Guaranty Association, Inc.

We are pleased to present this report related to our audit of the financial statements of Florida Insurance Guaranty Association, Inc. (the Association) as of and for the year ended December 31, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Association's financial reporting process.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our engagement letter dated February 5, 2025. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated February 20, 2025 regarding the planned scope and timing of our audit and identified significant risks.
Accounting Policies and Practices	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Association. The Association adopted under modified cash basis the presentation of bonds payable. Significant Accounting Policies We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Significant Unusual Transactions We did not identify any significant unusual transactions.

Page Two

Area	Comments
Management's Judgments and Accounting Estimates	<p>Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include:</p> <ul style="list-style-type: none">- Recorded value of levied assessments and related assessments receivable.- Useful lives used to calculate depreciation expense and record accumulated depreciation.- Commitments and contingencies disclosed in Note 9 to the financial statements. <p>The Board of Directors and Finance and Audit Committee may wish to monitor throughout the year the process used to determine and record these accounting estimates.</p>
Audit Adjustments	<p>Audit adjustments proposed by us and recorded by the Association are shown on the attached Exhibit A. The adjustments relate to the modified cash basis used for reporting purposes, the recording of accrued bond interest expense, and assessment revenue.</p>
Uncorrected Misstatements	<p>There were no uncorrected misstatements that management determined to be immaterial.</p>

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Area	Comments
Departure From the Auditor's Standard Report	Expected Emphasis-of-Matter Paragraph <p>The financial statements of the Association are prepared on a modified basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). In light of this, we will include an emphasis-of-matter paragraph in the auditor's report explaining this matter.</p>
Other Information Included in Audited Financial Statements	<p>Our responsibility for other information included in documents containing the Association's audited financial statements is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact. We read the Associations' statements of activities and changes in net assets information by line of business. We did not identify material inconsistencies with the audited financial statements.</p>
Observations About the Audit Process	Disagreements With Management <p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.</p> Consultations With Other Accountants <p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p> Significant Issues Discussed With Management <p>No significant issues arising from the audit were discussed or were the subject of correspondence with management.</p>

Area	Comments
Observations About the Audit Process (continued)	Significant Difficulties Encountered in Performing the Audit
	<p>We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Association's financial and accounting personnel.</p>
Shared Responsibilities: AICPA Independence	<p>The AICPA regularly emphasizes that auditor independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA independence rules. For Thomas Howell Ferguson (THF) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and THF each play an important role.</p> <p>Our Responsibilities</p> <ul style="list-style-type: none"> • AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. THF is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement. • Maintain a system of quality control over compliance with independence rules and firm policies. <p>The Association's Responsibilities</p> <ul style="list-style-type: none"> • Timely inform THF, before the effective date of transactions or other business changes, of the following: <ul style="list-style-type: none"> – New affiliates, directors, officers, or person in financial reporting oversight roles. – New beneficial owners of the Association's equity securities that have significant influence. – Change in corporate structure impacting affiliates such as add-on acquisitions or exits.

Page Five

Area	Comments
Shared Responsibilities: AICPA Independence (continued)	<ul style="list-style-type: none">• Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.• Understand and conclude on the permissibility, prior to the Association and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with THF.• Not entering into relationships resulting in close family members of THF covered persons temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Association.
Internal Control Matters	We have separately communicated a significant deficiency and another deficiency in internal control over financial reporting identified during our audit of the financial statements, and this communication is attached as Exhibit C .
Significant Written Communications Between Management and Our Firm	See Exhibit B for a copy of the representation letter provided to us by the Association's management.

This report is intended solely for the information and use of the Finance and Audit Committee, Board of Directors, and management of the Association and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Florida Insurance Guaranty Association, Inc.

Tallahassee, Florida
[REPORT DATE]

Florida Insurance Guaranty Association, Inc.

Year End: December 31, 2024

Journal Entries: Adjusting

Date: 1/1/2024 To 12/31/2024

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Exhibit A
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Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE#1	12/31/2024	Prepaid Expenses	1500	6922			552,904.00		
AJE#1	12/31/2024	Prepaid Expenses - Postage	1510	6922			5,782.00		
AJE#1	12/31/2024	Operating advance	THF-8900	6922		558,686.00			
		To remove prepaid balances, as financial statements are reported on the modified cash basis.							Factual
AJE#2	12/31/2024	Accounts Payable - Accrued Interest Bonds	2021	6004		517,356.00			
AJE#2	12/31/2024	Bond Interest Expense - Interim Finance/Bond F	4428-4	6004		3,582,951.00			
AJE#2	12/31/2024	Bond Premium Amortization Expense	4431-4	6004			4,100,307.00		
		To adjust bond accrued interest expense to actual.							Factual
AJE#3	12/31/2024	Accounts Receivable - Assessment 2023A 1.0%	1447	7004		33,562,393.00			
AJE#3	12/31/2024	Accounts Receivable - Assessment Allowance fc	1450	7004		15,720,000.00			
AJE#3	12/31/2024	2023A FIGA 1.0% Assessment YR1, OTH	4005-4	7004		236,717,607.00			
AJE#3	12/31/2024	2023A FIGA Assessment Allowance for Bad Det	4006-4	7004			5,720,000.00		
AJE#3	12/31/2024	2023A FIGA 1.0% Assessment YR2, OTH	THF4007-4	7004			280,280,000.00		
		To reduce the collection allowance and record 2023A YR1 collections received during 2024 as revenue.							Factual
						290,658,993.00	290,658,993.00		
Net Income (Loss)			282,869,439.00						



Thomas Howell Ferguson P.A.
2615 Centennial Boulevard, Suite 200
Tallahassee, Florida 32308

This representation letter is provided in connection with your audit of the financial statements of the Florida Insurance Guaranty Association, Inc. (the Association), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, and functional expenses for the years then ended, and the related notes to the financial statements (collectively, the financial statements), for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with the modified cash basis of accounting.

We confirm, to the best of our knowledge and belief that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 5, 2025, for the preparation and fair presentation of the financial statements referred to above in accordance with the modified cash basis of accounting.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the modified cash basis, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the modified cash basis of accounting.
6. All events subsequent to the date of the financial statements, and for which the modified cash basis of accounting requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with the modified cash basis of accounting.

8. The selection and application of accounting policies are appropriate.
9. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Guarantees, whether written or oral, under which the Association is contingently liable.
 - b. Agreements to repurchase assets previously sold.
 - c. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities recorded on the books.
 - d. All other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - e. All liabilities that are subordinated to any other actual or possible liabilities of the Association.
 - f. All leases and material amounts of rental obligations under long-term leases.
 - g. Investments in debt and equity securities.
 - h. Derivative financial instruments.
 - i. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification, including split interest agreements.
 - j. All current and deferred assets and liabilities related to the accounting for income taxes. Additionally, we have evaluated the tax positions under the two-step approach for recognition and measurement of uncertain tax positions required by the Income Taxes Topic of the FASB Accounting Standards Codification.
 - k. All recordable contributions, by appropriate net asset class.
 - l. Allocations of functional expenses based on reasonable basis.
 - m. Composition of assets in amounts needed to comply with all donor restrictions.
 - n. Deferred revenue from exchange transactions.
 - o. Refundable advances.
 - p. Classifications between net assets with donor restrictions and net assets without donor restrictions.
 - q. Board designated net assets.
 - r. Reclassifications between net asset classes.
 - s. Amounts held for others under agency and/or split interest agreements
 - t. Receipt of a determination from the Internal Revenue Service that the Association is exempt from federal income taxes as a Section 501(c)(6) not-for-profit corporation, and that the Association has complied with the IRS regulations regarding this exemption.



- u. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
 - v. All significant material concentrations known to management that are required to be disclosed. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
10. With respect to financial statement preparation services performed in the course of the audit:
- a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
11. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

12. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Association from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of allegations of fraud or suspected fraud affecting the Association's financial statements involving:
- a. Management.



- b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements received in communications from employees, former employees, regulators or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
18. We are not aware of any pending or threatened litigation, claims or assessments; unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with FASB ASC Topic 450, Contingencies; violations or possible violations of laws and regulations; or other matters, including gain or loss contingencies, whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the identity of all of the Association's related parties and all the related-party relationships and transactions of which we are aware.
20. We have informed you of all deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Association's ability to record, process, summarize and report financial data.
21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
- a. The Association has no significant amounts of idle property and equipment or permanent excess plant capacity.
 - b. The Association has no plans or intentions to discontinue the operations of any subsidiary or division or to discontinue any significant product lines.
 - c. Provision has been made to reduce all assets that have permanently declined in value to their realizable values.
 - d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.

23. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
- a. To reduce receivables to their estimated net collectable amounts.
 - b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
 - c. For uninsured losses or loss retentions (deductibles) attributable to events occurring through December 31, 2024 and/or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2024.
 - d. For pension obligations, postretirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through December 31, 2024.
24. There are no:
- a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification.
25. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

26. With respect to supplementary information presented in relation to the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with the modified cash basis of accounting.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.



Florida Insurance Guaranty Association, Inc.

Bob Ricker, Executive Director

Steve Brown, Chief Operating Officer

Liz Frisbie, Controller

To Management and the Board of Directors
Florida Insurance Guaranty Association, Inc.

In planning and performing our audit of the financial statements of Florida Insurance Guaranty Association, Inc. (the Association) as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, we did not identify any deficiencies in internal control during our audit that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We consider the following deficiency in the Association's internal control to be a significant deficiency:

Assessment Revenue Recording

The Association's accounting policy, which was adopted in 2023, is to record estimated assessment receivables and revenue at the time they are levied against member insurers on the basis of direct written premium in the state of Florida. These initial estimates are to be adjusted in the period if additional information becomes known regarding the estimated assessments. Any payments received in subsequent years exceeding the recorded estimated assessment revenue should be recognized as revenue in the year of receipt.

Page Two

During the current fiscal year, assessment revenue in excess of the receivable recorded as of December 31, 2023, was collected from the multi-year 1% emergency assessment levied on April 10, 2023. This should have been recorded as revenue in the current year but was recorded to reduce the receivable balance as of December 31, 2024. This required an audit adjustment to correct the reported assessment revenue and receivable balance as of December 31, 2024.

Since the policy was adopted in 2023, this was the second year of implementation. It was not a routine year-end closing entry for the Association. Additionally, the Association had significant turnover in upper-level management during the year. The prior upper-level management were more familiar with the new policy and calculations. To strengthen controls over this process in subsequent years, we recommend that the calculation for the assessment receivable be performed prior to year-end by the Controller and independently reviewed by the COO and/or CEO to ensure accurate and consistent revenue recognition.

The following is a description of other identified deficiencies in internal control that we determined did not constitute a significant deficiency or material weakness:

Bank Reconciliations

The performance of timely and accurate bank reconciliations, including the resolution of any discrepancies, is a key control over the cash receipt and disbursement functions. We identified a bank reconciliation that contained unresolved differences from the general ledger balance and was not completed in a timely manner. This was partially due to a lack of staffing in the finance and accounting department. Failure to promptly identify and address these differences increases the risk of misstated general ledger balances and weakens internal controls over cash management.

We recommend ensuring that all bank reconciliations are completed promptly and that any discrepancies are investigated and resolved in a timely manner to maintain accurate financial records and strengthen internal controls.

This communication is intended solely for the information and use of management, the Audit Committee, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Tallahassee, Florida
NEED DATE

To Management and the Board of Directors
Florida Insurance Guaranty Association, Inc.

In planning and performing our audit of the financial statements of Florida Insurance Guaranty Association, Inc. (the Association) as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, we did not identify any deficiencies in internal control during our audit that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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The following is a description of other identified deficiencies in internal control that we determined did not constitute a significant deficiency or material weakness:

Bank Reconciliations

The performance of timely and accurate bank reconciliations, including the resolution of any discrepancies, is a key control over the cash receipt and disbursement functions. We identified a bank reconciliation that contained unresolved differences from the general ledger balance and was not completed in a timely manner. This was partially due to a lack of staffing in the finance and accounting department. Failure to promptly identify and address these differences increases the risk of misstated general ledger balances and weakens internal controls over cash management.

We recommend ensuring that all bank reconciliations are completed promptly and that any discrepancies are investigated and resolved in a timely manner to maintain accurate financial records and strengthen internal controls.

This communication is intended solely for the information and use of management, the Audit Committee, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

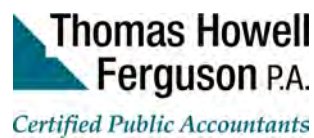
Tallahassee, Florida
NEED DATE

Independent Accountant's Report on the
Application of Agreed-Upon Procedures



Florida Insurance Guaranty Association, Inc.

NEED DATE



Independent Accountant's Report on the Application of Agreed-Upon Procedures

To the Board of Directors
Florida Insurance Guaranty Association, Inc.

We have performed the procedures enumerated below, which were agreed to by the Florida Insurance Guaranty Association, Inc. (the Association). The Association is responsible for Administrative/Overhead Expense Allocations to insolvent estates and claims data sent to the Florida Department of Financial Services (FDFS).

The Association agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose with respect to the Administrative/Overhead Expense Allocations to insolvent estates and the completeness of claims data sent to FDFS (the Subject Matter). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The following procedures and the associated findings are as follows:

Procedures	Findings
1. Tested the reasonableness of Administrative/Overhead Expense Allocations to insolvent estates.	
i.) Obtained copy of Administrative/Overhead Expense allocation methodology that was utilized throughout the year ending December 31, 2024. Made inquiries to gain an understanding of the process used during the year including identification of data sources, timing of calculations, and records/reports maintained.	No exceptions noted.

Page Two

Procedures	Findings
ii.) Judgmentally selected two months and re-performed calculations made and traced amounts for each estate to recording in the MDP Overhead Allocation database.	No exceptions noted.
a. Agreed total administrative expenses for the selected month to the general ledger.	No exceptions noted.
b. Recalculated the current period allocation percentage using the factors and formula as described in the allocation methodology.	No exceptions noted.
c. Multiplied the percentage calculated in b. for each estate times the month's allocable administrative expenses and agreed result to each estate's allocated administrative expenses for the month.	No exceptions noted.
iii.) Obtained the year-to-date administrative/overhead expense allocation worksheet and agreed total allocated administrative expenses to general ledger and re-performed calculation of individual estate year-to-date amounts for a representative sample of estates. Compared the annual allocation percentages to the percentages for the two months tested and noted significant variances, if any.	No exceptions noted.
2. Tested data transfers to the FDFS to determine completeness.	
i.) Compared monthly 2024 UDS C records transmitted to FDFS to monthly control totals in Lightspeed summary reports for each estate.	No exceptions noted.

Page Three

Procedures	Findings
ii.) Agreed three court approved disbursements to the Association's reconciliation and the related supporting records.	No exceptions noted.
iii.) Validated the completeness of the data transmitted to FDFS by obtaining a list of all Florida estates and control totals (paid plus reserves) for three judgmentally selected months and performed the following procedures on two estates for each month selected:	No exceptions noted.
a. Agreed total paid per the FDFS transmitted reports to the general ledger and reserves per the FDFS transmitted reports to the monthly reserves report for the selected estates.	No exceptions noted.
b. Selected a sample of three UDS C transactions for each selected estate above and agreed to the claim file detail supporting the paid claim amount.	No exceptions noted.

We were engaged by the Association to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Subject Matter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Page Four

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors and management of the Florida Insurance Guaranty Association, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

Tallahassee, Florida
NEED DATE



April 7, 2024

Thomas Howell Ferguson P.A
2615 Centennial Boulevard, Suite 200
Tallahassee, FL 32308

In connection with your engagement to perform, in accordance with attestation standards established by the American Institute of Certified Public Accountants, specified agreed-upon procedures with respect to the administrative/overhead expense allocations, testing of other specified expenses, and transmittal of certain claims data of the Association (the Subject Matter) of the Florida Insurance Guaranty Association, Inc. (the Association), we confirm, to the best of our knowledge and belief, the following representations made to you during the course of your engagement:

1. We understand that we have the responsibility for the selection of the criterion against which the procures are being performed.
2. We acknowledge that the procedures performed during your engagement are appropriate for the intended purpose of the engagement.
3. We have made available to you all records and related data relevant to the the Subject Matter and the agreed-upon procedures.
4. There are no known matters contradicting the Subject Matter nor any communication from regulatory agencies affecting the Subject Matter.
5. We are responsible for establishing and maintaining effective internal control over the Company's compliance over the Subject Matter.
6. We have no knowledge of any material misstatements in the Subject.
7. We have disclosed to you all known events subsequent to the date of this letter that would have a material effect on the Subject Matter.
8. There has been no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where fraud could have a material effect on the Subject Matter.
9. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.



10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, analysts, regulators, short sellers or others.
11. We have responded fully to all inquiries made to us by you during your engagement.
12. During the course of your engagement, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Florida Insurance Guaranty Association, Inc.

A handwritten signature in black ink, appearing to read "Robert A. Ricker", written over a horizontal line.

Bob Ricker, Executive Director

A handwritten signature in black ink, appearing to read "S.W. Brown", written over a horizontal line.

Steve Brown, Chief Operating Officer

A handwritten signature in blue ink, appearing to read "Liz Frisbie", written over a horizontal line.

Liz Frisbie, Controller

- AGFG
-

Financial Statements
and Other Financial Information



American Guaranty Fund Group, Inc.

*Years ended December 31, 2024 and 2023
with Report of Independent Auditors*

American Guaranty Fund Group, Inc.

Financial Statements
and Other Financial Information

Years ended December 31, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
American Guaranty Fund Group, Inc.

Opinion

We have audited the financial statements of the American Guaranty Fund Group, Inc. (the Group) which comprise the balance sheets as of December 31, 2024 and 2023, the related statements of operations and changes in equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Group and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern within one year after the date that the financial statements are issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for a reasonable period of time.

Page Three

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Financial Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of General and Administrative Expenses-Year ended December 31, 2024 and Schedule of General and Administrative Expenses-Year ended December 31, 2023 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Tallahassee, Florida
NEED DATE

American Guaranty Fund Group, Inc.

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Balance Sheets

	December 31,	
	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,965,701	\$ 1,426,358
Accounts receivable	-	1,188
Due from related party	-	12,103
Total assets	<u>\$ 1,965,701</u>	<u>\$ 1,439,649</u>
Liabilities and equity		
Current liabilities:		
Unearned revenue	\$ 1,965,701	\$ 1,431,299
Due to related party	-	4,877
Other liabilities	-	3,473
Total liabilities	<u>1,965,701</u>	<u>1,439,649</u>
Equity:		
Retained earnings	-	-
Total liabilities and equity	<u>\$ 1,965,701</u>	<u>\$ 1,439,649</u>

See accompanying notes.

American Guaranty Fund Group, Inc.

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Statements of Operations and Changes in Equity

	Years ended December 31,	
	<u>2024</u>	<u>2023</u>
Revenues:		
Reimbursements from affiliated entities	\$ <u>10,277,691</u>	\$ <u>8,528,461</u>
Total revenues	<u>10,277,691</u>	<u>8,528,461</u>
Expenses:		
Claims handling fees	970,286	542,588
Direct estate expenses	39,133	188,582
General and administrative expenses	8,591,704	7,185,088
Other expense	<u>676,568</u>	<u>612,203</u>
Total expenses	<u>10,277,691</u>	<u>8,528,461</u>
Net income	-	-
Retained earnings at beginning of year	-	-
Retained earnings at end of year	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes.

American Guaranty Fund Group, Inc.

Statements of Cash Flows

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	Years ended December 31,	
	<u>2024</u>	<u>2023</u>
Operating activities		
Net income	\$ -	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	1,188	-
Other assets	12,103	(12,103)
Due from related party	-	98,805
Unearned revenue	534,402	346,298
Accounts payable and accrued expenses	<u>(8,350)</u>	<u>8,350</u>
Net cash provided by operating activities	<u>539,343</u>	<u>441,350</u>
Net increase in cash and cash equivalents	539,343	441,350
Cash and cash equivalents at beginning of year	<u>1,426,358</u>	<u>985,008</u>
Cash and cash equivalents at end of year	<u>\$ 1,965,701</u>	<u>\$ 1,426,358</u>

See accompanying notes.

Notes to Financial Statements

Years ended December 31, 2024 and 2023

1. Organization and Significant Accounting Policies

American Guaranty Fund Group, Inc. (the Group) began operations in January 2004 as a management services company. The Group currently provides management and administrative services to Florida Workers' Compensation Insurance Guaranty Association, Inc. (FWCIGA) and Florida Insurance Guaranty Association, Inc. (FIGA) to assist these guaranty funds in the discharge of their statutory responsibility to handle promptly and efficiently covered claims against insolvent insurers and insurer organizations. In addition, the Group, from time to time, provides claims administration services for the Florida Department of Financial Services (the Receiver) through a provider contract. FWCIGA and FIGA are members of AGFG, however control remains at the member level through equal representation on the AGFG board of directors.

With the Group providing management and administrative services to FWCIGA and FIGA, these entities are also considered related through common management.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

Cash and Cash Equivalents

The financial instruments exposed to concentrations of credit risk consist primarily of its cash and cash equivalents. Cash and cash equivalents consist of demand deposits with a financial institution. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per FDIC-insured financial institution. Bank deposits at times may exceed federally insured limits. The Group has not experienced any losses in such accounts.

For the purposes of the statements of cash flows, the Group considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

The Group recognizes reimbursements revenue in the period that services are provided. Amounts billed or collected in advance are recorded as unearned revenue.

Notes to Financial Statements

1. Organization and Significant Accounting Policies (continued)**Claims Handling Fees**

Claims handling fees are expenses incurred by the Group related to processing FWCIGA and FIGA claims. These amounts are expensed when incurred and are reimbursed by FWCIGA and FIGA.

Direct Estate Expenses

Direct estate expenses are expenses incurred by the Group related directly to the protection of FWCIGA and FIGA's interest in the administration of specific insolvent insurers' estates. These amounts are expensed when incurred and are reimbursed by FWCIGA and FIGA.

General and Administrative Expenses

General and administrative expenses are expensed when incurred and are primarily reimbursed by FWCIGA and FIGA.

Income Taxes

The Group uses the liability method in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. There were no material temporary differences that would affect the deferred tax assets of the Group at December 31, 2024 and 2023. With few exceptions, the Group is no longer subject to examinations by major tax jurisdictions for years ended December 31, 2020 and prior.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Notes to Financial Statements

1. Organization and Significant Accounting Policies (continued)**Subsequent Events**

The Group has evaluated subsequent events through NEED DATE, the date the financial statements were available to be issued. During the period from December 31, 2024 to NEED DATE, the Group did not have any material recognizable subsequent events.

2. Management Services Agreements

The Group has entered into agreements with FWCIGA and FIGA to provide management and administrative services. Under the terms of the agreement, the Group provides management and administrative services to FWCIGA and FIGA, including but not limited to general management responsibility, finance and accounting, overseeing and managing the claims divisions, and managing and supervising the day to day activities. FWCIGA and FIGA reimburse the Group for all amounts paid by the Group except those related to the administration of a contract with a receiver. Costs incurred by the Group that are directly attributable to a specific entity are charged to the applicable entity. All other costs incurred by the Group are distributed equitably to FWCIGA and FIGA based on various allocation methods. The Group's contract may be terminated with 30 days written notice by either party, with or without cause. FWCIGA and FIGA each pay the Group in advance of each calendar year an amount equal to the two month average budget for their respective entity projected for the upcoming calendar year. Expenses incurred and reimbursements received by the Group under this agreement totaled \$10,277,691 and \$8,528,461 for the years ended December 31, 2024 and 2023, respectively, as reported in the statements of operations and changes in equity.

3. Revenue from Contracts with Related Parties

The following table provides information about significant changes in unearned revenue for the year ended December 31:

	<u>2024</u>	<u>2023</u>
Unearned revenue, beginning of year	\$ 1,431,299	\$ 1,085,001
Increases in unearned revenue due to cash received during the year	<u>534,402</u>	<u>346,298</u>
Unearned revenue, end of year	<u>\$ 1,965,701</u>	<u>\$ 1,431,299</u>

4. Retirement Plan

The Group employees have the option of participating in the American Guaranty Fund Group, Inc. 401(k) Profit Sharing Plan (the Plan). The Plan is available to employees meeting certain entry requirements. The Group makes discretionary employer contributions to the Plan on a matching basis. Employer contributions paid for the years ended December 31, 2024 and 2023 were \$232,874 and \$227,668, respectively, and are included in salaries and benefits in the accompanying schedules of general and administrative expenses.

Other Financial Information

American Guaranty Fund Group, Inc.

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Schedule of General and Administrative Expenses

Year ended December 31, 2024

	FIGA	FWCIGA	AGFG	Total
Accounting and auditing	\$ 79,874	\$ 61,984	\$ -	\$ 141,858
Bank fees	40,976	5,567	-	46,543
Communication	74,550	18,638	-	93,188
Consulting	90,405	5,039	-	95,444
Dues and publications	191,621	64,360	-	255,981
Technology	540,765	81,635	-	622,400
Insurance	116,941	66,505	-	183,446
Legal fees	148,106	72,247	-	220,353
Office supplies and printing	8,936	2,355	-	11,291
Postage and shipping	47,867	2,630	-	50,497
Premises	53,220	26,899	-	80,119
Salaries and benefits	2,439,687	710,650	-	3,150,337
Temp help	3,531,681	-	-	3,531,681
Taxes and licenses	16,969	15,648	-	32,617
Travel and meals	51,610	24,339	-	75,949
	<u>\$ 7,433,208</u>	<u>\$ 1,158,496</u>	<u>\$ -</u>	<u>\$ 8,591,704</u>

See report of independent auditors.

American Guaranty Fund Group, Inc.

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Schedule of General and Administrative Expenses

Year ended December 31, 2023

	FIGA	FWCIGA	AGFG	Total
Accounting and auditing	\$ 76,687	\$ 56,159	\$ -	\$ 132,846
Bank fees	38,960	3,856	-	42,816
Communication	87,970	17,576	-	105,546
Consulting	99,846	149	-	99,995
Dues and publications	179,492	64,018	-	243,510
Technology	598,625	66,649	-	665,274
Insurance	115,671	64,923	-	180,594
Legal fees	109,682	58,995	-	168,677
Office supplies and printing	16,364	2,504	-	18,868
Postage and shipping	33,219	2,814	-	36,033
Premises	51,353	24,962	-	76,315
Salaries and benefits	2,598,502	787,801	-	3,386,303
Temp help	1,934,931	-	-	1,934,931
Taxes and licenses	18,583	22,469	-	41,052
Travel and meals	44,138	8,190	-	52,328
	<u>\$ 6,004,023</u>	<u>\$ 1,181,065</u>	<u>\$ -</u>	<u>\$ 7,185,088</u>

See report of independent auditors.

To the Board of Directors
American Guaranty Fund Group, Inc.

We are pleased to present this report related to our audit of the financial statements of the American Guaranty Fund Group, Inc. (the Group) as of and for the year ended December 31, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Group's financial reporting process.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our engagement letter dated February 5, 2025. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We discussed with members of the Board of Directors and the Group's management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, identified significant risks, our approach to internal control relevant to the audit, and the timing of the audit.
	Adoption of, or Change in, Accounting Policies
	Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Group. The Group did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Area	Comments
Accounting Policies and Practices	<p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Group. The Group did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant Accounting Policies</p> <p>We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Significant Unusual Transactions</p> <p>We did not identify any significant unusual transactions.</p>
Management's Judgments and Accounting Estimates	<p>Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Significant accounting estimates reflected in the Group's December 31, 2024, financial statements include unearned revenue, which is an estimated funding of expenses.</p> <p>The Board of Directors may wish to monitor throughout the year the process used to determine and record these accounting estimates.</p>
Audit Adjustments	<p>Audit adjustments proposed by us and recorded by Group are shown on the attached Exhibit A.</p>

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Area	Comments
Uncorrected Misstatements	There were no uncorrected misstatements that management determined to be immaterial.
Other Information Included in Annual Reports	Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the Group's general and administrative expenses information. We did not identify material inconsistencies with the audited financial statements.
Observations About the Audit Process	<p>Disagreements With Management</p> <p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.</p> <p>Consultations With Other Accountants</p> <p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p> <p>Significant Issues Discussed With Management</p> <p>No significant issues arising from the audit were discussed or were the subject of correspondence with management.</p> <p>Significant Difficulties Encountered in Performing the Audit</p> <p>We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Group's financial and accounting personnel.</p>

Area	Comments
Shared Responsibilities: AICPA Independence	<p data-bbox="771 388 1448 724">The AICPA regularly emphasizes that auditor independence is a joint responsibility and is managed most effectively when management, board of directors, and audit firms work together in considering compliance with AICPA independence rules. For Thomas Howell Ferguson (THF) to fulfill its professional responsibility to maintain and monitor independence, management, the board of directors, and THF each play an important role.</p> <p data-bbox="771 745 1055 787">Our Responsibilities</p> <ul data-bbox="795 798 1448 1155" style="list-style-type: none">• AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. THF is to ensure that the AICPA’s General Requirements for performing non-attest services are adhered to and included in all letters of engagement.• Maintain a system of quality control over compliance with independence rules and firm policies. <p data-bbox="771 1165 1169 1207">The Group’s Responsibilities</p> <ul data-bbox="795 1218 1448 1669" style="list-style-type: none">• Timely inform THF, before the effective date of transactions or other business changes, of the following:<ul data-bbox="844 1344 1448 1669" style="list-style-type: none">– New affiliates, directors, officers, or person in financial reporting oversight roles.– New beneficial owners of the Group’s equity securities that have significant influence.– Change in corporate structure impacting affiliates such as add-on acquisitions or exits.

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Area	Comments
Shared Responsibilities: AICPA Independence (continued)	<ul style="list-style-type: none">• Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.• Understand and conclude on the permissibility, prior to the Group and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with THF.• Not entering into relationships resulting in close family members of THF covered persons temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Group.
Internal Control Matters	We did not identify any such matters requiring communication to the Board of Directors during our audit of the financial statements.
Significant Written Communications Between Management and Our Firm	See Exhibit B for a copy of the representation letter provided to us by the Group's management.

This report is intended solely for the information and use of the Board of Directors and management of the Group and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to American Guaranty Fund Group, Inc.

Tallahassee, Florida
NEED DATE

American Guaranty Fund Group, Inc.

Year End: December 31, 2024

Journal Entries: Adjusting

Date: 1/1/2024 To 12/31/2024

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Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE #1	12/31/2024	Reimbursements from affiliated entities	THF-4000	1303			9,351,618.00		
AJE #1	12/31/2024	Reimbursements from affiliated entities	THF-4000	1303			926,073.00		
AJE #1	12/31/2024	Claims handling fees	THF-5000	1303		970,286.00			
AJE #1	12/31/2024	Direct estate expenses	THF-5001	1303		39,133.00			
AJE #1	12/31/2024	General and administrative expenses	THF-5002	1303		8,591,704.00			
AJE #1	12/31/2024	Other expenses	THF-5003	1303		676,568.00			
		To record revenue and expenses for FS purposes							Factual
						10,277,691.00	10,277,691.00		
Net Income (Loss)			0.00						

CHARTER / CHECKLIST REVIEW

- Charter
- Checklist

- Charter
-



Memo

To: Finance and Audit Committee

From: Elizabeth Frisbie

Date: April 2, 2025

RE: Finance and Audit Committee Charter

The Finance and Audit Committee Charter requires that the Committee review the Charter on an annual basis and request Board approval for any changes. The annual review of the Charter is performed in conjunction with the annual meeting of the Board each year and was last revised April 9, 2018.

No action is required at this meeting.

FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.

FINANCE AND AUDIT COMMITTEE CHARTER

ADOPTED: April 9, 2018

Purpose

The primary function of the Finance and Audit Committee is to assist the Board of Directors (the "Board") in fulfilling its financial and investment oversight responsibilities. The Finance and Audit Committee should review the Florida Insurance Guaranty Association's (the "Association") financial reports and other financial information; the systems of internal controls and ethics policies that the management and the Board have established; and the auditing, accounting and financial reporting process. The Finance and Audit Committee will also select vendors relative to FIGA investments; review and update the investment policy; and monitor vendor compliance with the established investment policy. Consistent with this function, the Finance and Audit Committee should foster adherence to, and should encourage continuous improvement of the Association's policies, procedures and practices. The Finance and Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Association's financial reporting process and internal control system;
- Review and appraise the audit efforts of the Association's independent auditor;
- Provide an open avenue of communication among the independent auditor, financial and senior management, and the Board.
- Select investment activity vendors and present to the Board.
- Oversee vendor compliance with investment policy and provide results to the Board.

Membership

The Finance and Audit Committee shall be comprised of three or more Board or non-Board member representatives, each of whom shall be independent of management and may not be employees of the Association, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Finance and Audit Committee. All members of the Finance and Audit Committee shall have a working familiarity with basic finance and accounting practices. Finance and Audit Committee members may desire to enhance their familiarity with finance and accounting by participating in educational programs.

The members of the Finance and Audit Committee shall be appointed by the Board Chairperson. The Board Chairperson shall appoint a Board member as the Chairperson of the Finance and Audit Committee.

Meetings

The Finance and Audit Committee shall meet at least annually, or more frequently as circumstances dictate. As part of its job to foster open communications, the Finance and Audit Committee should meet with the Executive Director and the independent auditor to discuss any matters that the Finance and Audit Committee or each of these groups believes should be discussed.

Responsibilities and Duties

The Finance and Audit Committee has the following responsibilities:

With Respect to the Independent Auditor

- Recommend to the Board the selection or termination of the independent auditor, considering independence and effectiveness and approve the fees paid to the independent auditor.
- On an annual basis, the Finance and Audit Committee should review and discuss with the auditor all significant relationships the auditor has with the Association to determine the auditors' independence.
- Review the performance of the independent auditor.
- Periodically consult with the independent auditor about the annual audit scope, internal controls and the completeness and accuracy of the Association's financial statements.

With Respect to the Financial Reporting Process

- In consultation with the independent auditor, review the integrity of the Association's financial reporting processes.
- Review the Association's annual financial statements, 990 tax return and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditor.
- Consider the independent auditors' judgments about the quality and appropriateness of accounting principles as applied in its financial reporting.
- Consider and approve, if appropriate, major changes to auditing and accounting principles and practices as suggested by the independent auditor, management, or the internal auditing department.
- Establish regular and separate systems of reporting to the Finance and Audit Committee by management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
- Approve any non-audit services contracted with the independent auditor.
- Following completion of the annual audit:
 - Review with management and the independent auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
 - Review any significant disagreements among management and the independent auditor in connection with the preparation of the financial statements.
 - Review with the independent auditor and the Executive Director the extent to which changes or improvements in financial or accounting practices, as approved by the Finance and Audit Committee, have been implemented.
 - Review with the independent auditor and the Executive Director the current year management letter and related findings and recommendations together with the Executive Director's responses. Also, review the status of any prior year recommendations.

With Respect to Compliance and Other Matters

- Review management's monitoring of compliance with the Association's corporate governance procedures, and ensure that management has the proper review system in place to ensure that financial statements, reports and other financial information disseminated to governmental organizations, and the public, satisfy legal requirements.
- Review with the Association's counsel, any legal matter that could have a significant impact on the Association's financial statements.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Establish, review and update periodically a Code of Business Conduct and Ethics and ensure that management has established a system to enforce this Code.
- Perform any other activities consistent with this Charter, the Association's By-laws and governing law, as the Finance and Audit Committee or the Board deems necessary or appropriate.
- The Committee shall develop and encourage an open means of communication between the Committee and employees of the Association for reporting matters involving accounting and reporting issues which appear to be contrary to the policies of the Association.
- The Committee designates its Chairperson as the liaison with the independent auditors for purposes of communications relating to internal controls, financial reporting or other matters that may arise in the discharge of the independent auditors' responsibilities.
- Review and assess the adequacy of the Committee Charter annually, requesting Board approval for proposed changes.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Oversee management's monitoring of investment vendor compliance with investment policies established by the Board and provide results to the Board.
- As needed, review current investment vendors and initiate process for selection of vendors and present recommendations to the Board.
- Review investment policies and procedures and make recommendations to the Board.
- Perform a substantive review of the annual audited Financial Statements for American Guaranty Fund Group ("AGFG") and provide an adoption recommendation to the Board representatives of the AGFG Board of Directors.

- Checklist
-

Florida Insurance Guaranty Association, Inc.
Finance and Audit Committee Charter Procedures Checklist
For the financial reporting period ending December 31, 2024

FINANCE AND AUDIT COMMITTEE CHARTER (4/9/2018)	Committee Action	Date(s) Completed	Comments
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Purpose

The primary function of the Finance and Audit Committee is to assist the Board of Directors (the "Board") in fulfilling its financial and investment oversight responsibilities. The Finance and Audit Committee should review the Florida Insurance Guaranty Association's (the "Association") financial reports and other financial information; the systems of internal controls and ethics policies that the management and the Board have established; and the auditing, accounting and financial reporting process. The Finance and Audit Committee will also select vendors relative to FIGA investments; review and update the investment policy; and monitor vendor compliance with the established investment policy. Consistent with this function, the Finance and Audit Committee should foster adherence to, and should encourage continuous improvement of the Association's policies, procedures and practices. The Finance and Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Association's financial reporting process and internal control system;
- Review and appraise the audit efforts of the Association's independent auditor;
- Provide an open avenue of communication among the independent auditor, financial and senior management, and the Board.
- Select investment activity vendors and present to the Board.
- Oversee vendor compliance with investment policy and provide results to the Board.

Membership

The Finance and Audit Committee shall be comprised of three or more Board or non-Board member representatives, each of whom shall be independent of management and may not be employees of the Association, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Finance and Audit Committee. All members of the Finance and Audit Committee shall have a working familiarity with basic finance and accounting practices. Finance and Audit Committee members may desire to enhance their familiarity with finance and accounting by participating in educational programs.

The members of the Finance and Audit Committee shall be appointed by the Board Chairperson. The Board Chairperson shall appoint a Board member as the Chairperson of the Finance and Audit Committee.

Verify the make-up, independence and expertise of the Committee complies with the Charter.	12/17/2024	The current committee consists of insurance executive Board members that are independent of FIGA and familiar with finance and accounting practices.
Confirm that the chair and all members were properly appointed.	12/17/2024	The FIGA Board chair properly appointed the committee chair and all members.

Meetings

The Finance and Audit Committee shall meet at least annually, or more frequently as circumstances dictate. As part of its job to foster open communications, the Finance and Audit Committee should meet with the Executive Director and the independent auditor to discuss any matters that the Finance and Audit Committee or each of these groups believes should be discussed.

Ensure that the committee meets at least annually and include participation by the Executive Director and independent auditor. <i>See Compliance section below addressing communications.</i>	12/17/2024 4/10/2025	The Committee last met in December 2024 and the Executive Director and independent auditor participated at the meeting. This is the 1st meeting of 2025 and the Executive Director and independent auditor are present.
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Responsibilities and Duties

The Finance and Audit Committee has the following responsibilities:

With Respect to the Independent Auditor

Florida Insurance Guaranty Association, Inc.
Finance and Audit Committee Charter Procedures Checklist
For the financial reporting period ending December 31, 2024

FINANCE AND AUDIT COMMITTEE CHARTER (4/9/2018)	Committee Action	Date(s) Completed	Comments
➤ Recommend to the Board the selection or termination of the independent auditor, considering independence and effectiveness and approve the fees paid to the independent auditor.	Establish a process for the appointment, compensation and oversight of the independent auditors. -When warranted, termination and reappointment of a replacement auditor.	12/17/2024	Independent Auditor engaged through 2025 cycle. THF is the current vendor for audit of all three organizations.
	Determine that the independent auditors are appropriately compensated to provide well-trained, highly experience personnel required to perform the necessary procedures for a high-quality audit.	12/17/2024	Independent Auditor present at meeting for discussion.
	Provide an opportunity for the independent auditors to be available to the full Board of Directors at least annually to review the results of the audit.	4/10/2025	THF present to review the 2024 audit.
➤ On an annual basis, the Finance and Audit Committee should review and discuss with the auditor all significant relationships the auditor has with the Association to determine the auditors' independence.	Inquire about the independent auditors' quality control safeguards and independence.	12/17/2024	THF present to discuss quality control and independence.
	Inquire as to the results of the independent auditors' latest peer and internal reviews, as well as the status of significant litigation or disciplinary actions by regulatory bodies.	12/17/2024	THF present to discuss peer and internal review process as well as report on litigation / disciplinary action (if any).
➤ Review the performance of the independent auditor.	Review planned scope of the independent auditors, results of their work, changes in the planned scope, the extent of control testing to be performed, and the extent and appropriateness of the coordination of their activities.	12/17/2024	Performing additional procedures to address standard DFS operational review items. See AUP engagement letter. Staff reviewed planned scope for the current year financial audit prior to fieldwork.
	Discuss with the independent auditors any significant improvement recommendations in internal controls and whether management has adequately addressed them.	4/10/2025	THF present to discuss internal control recommendations - no known recommendations.
	Discuss with the independent auditors whether they noted any instances of employee fraud, questionable or illegal payments, or violations of laws or regulations.	4/10/2025	THF present to comment on fraud and improper practices - no known issues.
	Assess whether there are adequate controls over the approval and monitoring of special or complex transactions.	12/17/2024 4/10/2025	Nothing noted for the 2024 audit cycle.
➤ Periodically consult with the independent auditor about the annual audit scope, internal controls and the completeness and accuracy of the Association's financial statements.			

With Respect to the Financial Reporting Process

➤ In consultation with the independent auditor, review the integrity of the Association's financial reporting processes.	Review management's process for identifying related party transactions.	12/17/2024	Conflict of Interest Statement and Ethics Policy signed by all employees and training completed in October 2024. Board member policy signed by all Board members at annual meeting.
	Question management and the auditors about how they assess the risk of material misstatement, what the significant risks are, and how they respond to identified risks.	12/17/2024	Management and Independent Auditor present at meeting for discussion.
	Review proposed significant, complex, and/or unusual transactions and their financial statement effects.	12/17/2024 4/10/2025	The recording of assessment revenue accruals & bond transactions are reviewed as part of the annual audit.
➤ Review the Association's annual financial statements, 990 tax return and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditor.	Distribute and discuss the Association's financial results and the consistency of reported and planned results. Review significant balance sheet changes or changes in trends or important financial statement relationships.	12/17/2024 4/10/2025	Current period financial statements reviewed at meetings. Monthly statements are provided to Board members as they are produced. Budget to actual variance analysis performed monthly to identify trends.
	Review Association's 990 Tax filing based upon guidelines set by the Committee.		To be addressed following the completion of the 2024 tax return.
➤ Consider the independent auditors' judgments about the quality and appropriateness of accounting principles as applied in its financial reporting.	Review Association's accounting principles (including changes in them) and practices and compare to industry norms.	12/17/2024	THF reviews accounting policies and procedures as a standard component of their annual financial audit.

Florida Insurance Guaranty Association, Inc.
Finance and Audit Committee Charter Procedures Checklist
For the financial reporting period ending December 31, 2024

FINANCE AND AUDIT COMMITTEE CHARTER (4/9/2018)	Committee Action	Date(s) Completed	Comments
➤ Consider and approve, if appropriate, major changes to auditing and accounting principles and practices as suggested by the independent auditor, management, or the internal auditing department.	Review any new or proposed accounting and auditing topics affecting the company.	12/17/2024 4/10/2025	No changes were noted for 2024.
➤ Establish regular and separate systems of reporting to the Finance and Audit Committee by management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.	Challenge management and the auditors to identify the difficult areas (e.g. significant estimates and judgments) and to fully explain how they each made their judgments in those areas.	4/10/2025	Nothing noted for the 2024 audit cycle.
➤ Approve any non-audit services contracted with the independent auditor.	Determine if any non-audit services were performed and if so they were approved by the Committee.	12/17/2024	Discuss engaging THF to perform AUP review. See AUP engagement letter.
➤ Following completion of the annual audit:	Inquire of Management and Independent Auditors of any audit issues, scope restrictions or information access limitations.	4/10/2025	THF and management present to discuss audit issues - no known issues.
▪ Review with management and the independent auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.	Inquire of the auditors about pressure by management to accept less than high-quality financial reporting.	4/10/2025	THF present to discuss pressure by management - no known issues.
▪ Review any significant disagreements among management and the independent auditor in connection with the preparation of the financial statements.	Determine if there were any disagreements during the annual audit and, if so, report to the committee regarding the issue and resolution.	4/10/2025	THF and management present to discuss audit disagreements - no known issues.
▪ Review with the independent auditor and the Executive Director the extent to which changes or improvements in financial or accounting practices, as approved by the Finance and Audit Committee, have been implemented.	Inquire of the auditors and Executive Director about recommended changes or improvements and management's corrective actions regarding deficiencies identified.	4/10/2025	THF present to discuss corrective actions - no known issues.
▪ Review with the independent auditor and the Executive Director the current year management letter and related findings and recommendations together with the Executive Director's responses. Also, review the status of any prior year recommendations.	Independent Auditor will present the audit report, audit opinion, Committee and internal control reports. Management letter comment (if any) and responses will be presented.	4/10/2025	THF present to review the audit report and findings.
With Respect to Compliance and Other Matters			
➤ Review management's monitoring of compliance with the Association's corporate governance procedures, and ensure that management has the proper review system in place to ensure that financial statements, reports and other financial information disseminated to governmental organizations, and the public, satisfy legal requirements.	Provide information to the Committee on the Association's structure, controls and types of transactions.	12/17/2024	Organizational chart included for review and structure and controls discussed.
	Communicate the types of significant risks faced by the Association in the current environment including: • Significant third party administrators • Regulatory requirements	12/17/2024	Rates and market competition, sinkholes litigation and cyber security risks. Post 2024-25 storm season claim development for small insurers in light of public adjusters, plaintiff firms and AOB.
	Evaluate whether management exhibits and fosters a culture and environment that promotes high-quality financial reporting, including addressing internal control issues.	12/17/2024	Review of Internal Control Evaluation Document, Ethics Point (Navex) program for employee reporting.
	Determine how management is assessing the adequacy and effectiveness of internal controls.	12/17/2024	Review of AGFG and FIGA Internal Control Evaluation documents.
➤ Review with the Association's counsel, any legal matter that could have a significant impact on the Association's financial statements.	Receive an update from the General Counsel on legal and regulatory matters that may have a material effect on the financial statements violations of laws or breaches of fiduciary duties.	12/17/2024 4/10/2025	General Counsel attends meetings and provides a verbal report - to date no matters have been reported.
➤ Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.	Engage internal and external resources as the Committee determines necessary to carry out its duties.	12/17/2024 4/10/2025	Nothing noted for the 2024 audit cycle.
➤ Establish, review and update periodically a Code of Business Conduct and Ethics and ensure that management has established a system to enforce this Code.	Require staff to review the Code of Conduct and Ethic policy annually to confirm appropriateness. Recommend changes as needed and requests Committee / Board approval as necessary.	12/17/2024	Staff reviewed and policy remains appropriate. No changes are recommended.

Florida Insurance Guaranty Association, Inc.
Finance and Audit Committee Charter Procedures Checklist
For the financial reporting period ending December 31, 2024

FINANCE AND AUDIT COMMITTEE CHARTER (4/9/2018)	Committee Action	Date(s) Completed	Comments
<p>➤ Perform any other activities consistent with this Charter, the Association's By-laws and governing law, as the Finance and Audit Committee or the Board deems necessary or appropriate.</p>	Prepare minutes for all meetings and circulate in draft form to members prior to being finalized.	12/17/2024 4/10/2025	Draft minutes are sent to committee members prior to the meeting in the committee meeting materials.
	Assess whether the Association has an appropriate business continuity plan and whether that plan has been tested.	4/10/2025	Disaster Recovery / Business Continuity Plans were reviewed and tested during 2024. Plans will be reviewed again in advance of the 2025 storm season.
	Receive update from management about reports received from regulators and their responses to those reports.	12/17/2024 4/10/2025	No regulatory reports received.
	Provide meaningful and focused updates to the Board of Directors after each committee meeting.	12/17/2024 4/10/2025	Chairman's report of Committee activities - standard agenda item for the board meeting.
	Provide vehicle for employees or others to have direct access to Finance and Audit committee to report concerns.	12/17/2024	Ethics Point (Navex) reporting available to all employees for anonymous reporting with direct feed to AGFG General Counsel then to Board Chair.
	Annual Report to the full Board of Directors on the Finance and Audit committee functions during the year with their completion following the Finance and Audit Committee Charter Checklist.	4/10/2025	Committee chair to report to the full Board upon completion of the Charter Checklist.
	Discuss the Committee's communication and performance expectations with management and independent auditors.	12/17/2024 4/10/2025	Ongoing - discussed at each committee meeting.
	Chairperson is the liaison to the independent auditor and direct contact is made as needed.	12/17/2024 4/10/2025	Chairperson and Independent Auditor attends committee and Board meetings and direct contact is made on an as needed basis.
	Review the Finance and Audit Committee Charter to determine whether its responsibilities are adequately described.	12/17/2024	Charter reviewed at annual meeting each year. Detailed session discussing progress on checklist items held each meeting and deliberated as required.
	Develop a checklist to make sure that the committee meets its responsibilities as outlined in its Charter.	12/17/2024 4/10/2025	This is a working document. The blank template is provided each year and is finalized upon completion of the annual audit.
➤ The Committee shall develop and encourage an open means of communication between the Committee and employees of the Association for reporting matters involving accounting and reporting issues which appear to be contrary to the policies of the Association.	Inquire as to the results of management's monitoring of investment vendors as to compliance with investment policies.	12/17/2024 4/10/2025	Investment report prepared and reviewed monthly. Managers provide monthly compliance reports that are reviewed by staff and managers consulted as necessary.
➤ The Committee designates its Chairperson as the liaison with the independent auditors for purposes of communications relating to internal controls, financial reporting or other matters that may arise in the discharge of the independent auditors' responsibilities.	Review current investment vendor contracts and periodically initiate a market review of other available vendors.	12/17/2024	Investment manager and custodian RFP's conducted in 2010-2011. Reviewed contracts and both manager are compliant and performing well.
➤ Review and assess the adequacy of the Committee Charter annually, requesting Board approval for proposed changes.	Review investment policies and procedures and current market conditions.	12/17/2024	Continued monitoring of overall investment results. Investment Policy is under review at this meeting with changes recommended by both the investment consultant and managers. These changes will be presented for review and approval by the Committee with recommendation to the Board.
➤ Confirm annually that all responsibilities outlined in this charter have been carried out.	Review current investment performance and make recommendations to the Board.	12/17/2024 4/10/2025	Provided in Chairman's report of committee activities.
➤ Oversee management's monitoring of investment vendor compliance with investment policies established by the Board and provide results to the Board.	Detailed review of the annual audit of the American Guaranty Fund Group. Make adoption recommendation to the FIGA representatives of the AGFG Board of Directors.	4/10/2025	THF present to review the AGFG audit report - no known issues.
➤ As needed, review current investment vendors and initiate process for selection of vendors and present recommendations to the Board.			
➤ Review investment policies and procedures and make recommendations to the Board.			

CLAIMS REPORT

- Claims Activity Report February 28, 2025
- Claims Activity Summary February 28, 2025
- Claims Insolvency Update

- Claims Activity Report February 28, 2025

Claim Activity Report

Inception-to-Date Totals on Active Estates

Line of Business: ALL

As of: 2/28/2025



		Claim Count					ITD Payment Activity					Outstanding Reserves			
Estate Name	Insolv Date	ALL Open	Open Litigation Percentage	LIT Open	Closed	Total	Loss	Expense	UEP	Total	ITD Recovered	Loss	Expense	Total	Total Incurred
United P&C	02/27/23	1,484	78.2 %	1,160	23,419	24,903	624,634,009	26,936,592	20,897,095	672,467,696	(337,412)	58,195,559	5,886,922	64,082,481	736,212,764
FedNat	09/27/22	552	85.9 %	474	4,143	4,695	81,924,240	7,723,739	2,204,330	91,852,309	(34,369)	18,272,268	4,245,026	22,517,294	114,335,234
Southern Fidel	06/15/22	268	95.1 %	255	6,618	6,886	104,280,370	11,427,339	90,961,567	206,669,276	(203,486)	8,167,530	1,226,466	9,393,997	215,859,786
St Johns	02/25/22	137	86.9 %	119	5,682	5,819	118,348,197	9,538,291	171,993,932	299,880,421	(39,726)	5,646,008	694,141	6,340,149	306,180,844
Avatar	03/14/22	97	96.9 %	94	3,210	3,307	77,157,226	9,292,761	31,451,430	117,901,417	(65,205)	3,747,177	387,096	4,134,273	121,970,485
Gulfstream	07/28/21	33	90.9 %	30	2,334	2,367	49,581,997	5,814,823	36,547,230	91,944,050	(19,250)	1,454,589	153,368	1,607,956	93,532,756
Lighthouse	04/28/22	30	93.3 %	28	1,248	1,278	25,346,353	1,835,782	29,026,544	56,208,678	(20,841)	1,579,000	190,076	1,769,076	57,956,913
Windhaven	01/06/20	22	100.0 %	22	26,332	26,354	39,618,189	2,412,698	727,460	42,758,347	(566,625)	193,124	125,383	318,507	42,510,228
WESTON	08/09/22	15	93.3 %	14	469	484	21,595,736	555,164	37,419,408	59,570,308	(215)	775,000	44,288	819,288	60,389,381
Sawgrass	11/28/18	9	100.0 %	9	58	67	434,797	124,182	-	558,978	(56)	432,650	52,599	485,249	1,044,171
American Cap	04/14/21	7	100.0 %	7	329	336	365,014,312	7,780,138	27,750,160	400,544,610	(1,504,121)	14,778,541	735,171	15,513,712	414,554,201
Arrowood	11/08/23	3	100.0 %	3	3	6	-	61	-	61	-	22,500	22,439	44,939	45,000
Florida Specialty	10/02/19	2	100.0 %	2	3,678	3,680	43,486,373	7,683,320	33,452,398	84,622,091	(148,471)	12,000	6,002	18,002	84,491,621
Windhaven Nat'l	03/05/20	2	100.0 %	2	6,511	6,513	30,507,208	509,090	1,716,707	32,733,005	(903,606)	15	5,505	5,520	31,834,919
Atlantic Preferred	05/31/06	1	100.0 %	1	25,954	25,955	310,809,401	28,715,951	100,900,075	440,425,427	(1,613,199)	100,000	50,000	150,000	438,962,227
Bedivere	03/11/21	1	100.0 %	1	16	17	-	-	-	-	-	-	-	-	-
Global Liberty	10/12/21	1	100.0 %	1	38	39	4,369,715	451,133	-	4,820,848	(25,000)	2,500	1,182	3,682	4,799,530
Homewise	11/18/11	1	100.0 %	1	1,655	1,656	23,189,767	7,495,645	725,025	31,410,437	(390,733)	75,000	8,682	83,682	31,103,385
Total: 19 estates		2,665	83.4%	2,223	111,697	114,362	1,920,297,889	128,296,707	585,773,362	2,634,367,958	(5,872,316)	113,453,461	13,834,345	127,287,806	2,755,783,448

- Claims Activity Summary February 28, 2025

2025 Claim Activity Summary

As of: 2/28/2025



	AUTO		ALL OTHER		Total	
	February	2025	February	2025	February	2025
Beginning Claim Count	28	31	3037	3405	3065	3436
New Claims	0	0	32	55	32	55
Reopened Claims	0	0	255	563	255	563
Closed Claims	3	6	684	1383	687	1389
Ending Claim Count	25	25	2640	2640	2665	2665

- Claims Insolvency Update
-



Memo

To: Board of Directors
From: Bill Hughes
Date: April 14, 2025
Re: Claims Insolvency Update

UPC Insurance Company- Liquidation Date 2/27/23

UPC was a Florida domestic P & C insurance company based out of St. Petersburg, Florida who wrote personal and some commercial policies.

As of 2/28/25, we are at 94% closed. We have 1,484 claims remaining, which represents 56% of our total pending. Over the past 3 months (Dec-Feb), we have closed almost 700 net UPC claims. As of 2/27/25, the 2-year bar date expired. Typically, just before the bar date expires we receive an influx of last minute claims or lawsuits to extend their claims. So far, we received notice of additional 350 AOB lawsuits, some of which have yet to be served. These were filed to protect the time limit. Many of the AOB lawsuits are small mold loss remediation invoices due to Hurricane Ian, which were missed by UPC. Other than the AOB lawsuits, the remaining litigation is primarily damage disputes with large differences between Public Adjuster estimates and FIGA hired Contractor estimates. We are moving forward with our strategies of using Right to Repair and Mediations prior to preparing for trial. Proposals for Settlements (PFS) are being filed based on the contractor estimates. These Proposals for Settlements are encouraging the plaintiff attorneys to be more realistic in their demands as they could ultimately be responsible for paying our attorney fees if they lose. We are holding firm on our damage evaluations and taking claims to trial as needed.

As a brief background, for UPC we started out with around 16,000 claims. Later it grew to almost 25,000 claims. To handle these UPC claims, we initially utilized 8 TPAs with around 2,000 claims each. We then expanded to 9. Since that point, and as claims have settled, we have reduced the number of UPC TPAs to 5 firms along

with our temporary adjusting staff to handle the remaining claims. We will continue to reduce as the pending decreases.

FedNat Insurance Company-Liquidation Date 9/27/2022

FedNat Insurance Company was a Florida domestic P & C company based out of Sunrise, Florida who wrote personal and commercial lines risks.

As of 2/28/25, we are 88% closed which is an increase of 6% over the last 3 months. We have 552 claims left to resolve. Of the 552 claims, 358 or 65% are construction defect claims. The construction defect claims have many parties involved that require additional collaboration to move them forward. They involve very complex coverage issues with other primary and excess carriers, law firms and adjusters. We are fortunate that defense council (Doug Wall with Williams Chartered PA) is very familiar with many of the parties which helps facilitates settlements. Our strategy here is using defense counsel and our Senior Claims Manger to bring the parties together to mediate settlements and limit our expose. The non-construction defect claims are mostly Hurricane Ian being handled with the same strategies as the UPC claims.

Southern Fidelity- Liquidation Date 6/15/2022

Southern Fidelity was a Florida domestic company based out of Tallahassee, Florida. They wrote personal lines homeowners and some liability policies.

As of 2/28/25, we are 96% closed which is a 2% increase over the last 3 months. We have 268 claims remaining and 95% in litigation. The strategy for handling the remaining 5% of the claims is similar to that of UPC. If there are large discrepancies in damages, the adjuster will send out a vetted, licensed and bonded contractor to reinspect, then upon receipt of their estimate they will negotiate a settlement, move to Right to Repair or Mediation. These strategies have been effective for positioning claims for settlement. The adjusters are pro-actively working the claims and preparing for trial, if needed.

St Johns Insurance Company- Liquidation Date 2/25/22

St Johns was a Florida Domestic company based in Orlando, Florida that wrote personal lines homeowner's policies.

As of 2/28/25, we were at 98% closed, which is a 2% increase over the last 3 months. We have 137 claims left. The remaining claims are Hurricane Irma claims primarily involving disputed roof issues. Again, we are using the same strategy of having a contractor re-inspect the property and write an estimate of the damages, then trying to negotiate a settlement, moving to Right to Repair or Mediation and filing a PFS as needed.

Avatar P & C Insurance Company- Liquidation Date 3/14/22

Avatar was a Florida domestic company based out of Tampa, Florida who wrote personal lines homeowner's policies. Similar to St Johns and Gulfstream.

As of 2/28/25, we are 97% closed and have 97 pending claims. The remaining claims involve a variety of issues such as waiting on signed releases, motions to enforce settlements, mediations, fee issues, sinkholes, and negotiations. The adjusters are proactively handling these claims and pushing them forward toward resolution.

Other Open Estates & other FIGA named Litigation

For the other claims and estates, we are handling those claims with our temporary litigation adjusters as well as employee adjusters. These adjusters are highly experienced in litigation being supervised by a very seasoned manager providing oversight and direction. We reassign and transfer claims to these adjusters as capacity allows. These adjusters typically handle FIGA litigation, other complex claims and large exposure claims such as AmCap and other litigated claims. These adjusters are currently handling a combined total pending of close to 1,200 claims, out of the remaining 2,665 claims. This represents 44% of the pending. This percentage will increase as they absorb more claims from the TPAs.

Litigation Management Strategies

1. CaseGlide- Litigation repository and attorney bill review.
2. Temporary Property Litigation Adjusters- Specialized in handling litigation, mediation and negotiations.
3. Licensed and Bonded Contractors- Estimates that we can take to trial.
4. Right to Repair- Utilize this policy provision to repair the property.
5. Mediations- Face to face with policyholders and their representatives.
6. Pre-Trial Conferences- FIGA, Corp Counsel and Defense Atty discuss the claim.
7. Proposals for Settlement (PFS) - Filed once damages are established.
8. Trials- Moving claims to jury trials as needed.
9. Motions to Enforce Settlements- An avenue to procure signed releases.

FINANCIAL REPORT

- FIGA Financial Statements February 28, 2025
- AGFG Financial Statements February 28, 2025
- Early Access Report

- FIGA Financial Statements February 28, 2025
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FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

2/28/2025

MODIFIED CASH BASIS (UNAUDITED)

	AS OF 2/28/2025	AS OF 2/29/2024
ASSETS		
CASH AND SHORT-TERM INVESTMENTS:		
CASH ON DEPOSIT AND CASH EQUIVALENT	\$ 197,895,258	\$ 183,689,556
RESTRICTED - 2023A BOND 1.0%	183,314,507	96,784,646
SHORT TERM INVESTMENTS	196,392,877	23,409,310
TOTAL CASH AND SHORT-TERM INVESTMENTS	577,602,642	303,883,512
ASSESSMENT RECEIVABLE 2023A 1.0%	260,084,374	207,974,197
LONG TERM INVESTMENTS	99,947	7,522,636
PREPAID BOND COSTS	1,456,579	1,867,087
ACCRUED INTEREST INCOME	1,203,596	130,869
FIXED ASSETS, NET	18,856	44,592
BUILDING, NET	520,890	537,739
LAND	310,000	310,000
OTHER ASSETS	558,356	96,097
TOTAL ASSETS	\$ 841,855,240	\$ 522,366,729
LIABILITIES AND NET ASSETS		
LIABILITIES:		
SERIES 2023A BONDS (NET)	\$ 539,795,000	\$ 590,325,000
BOND PREMIUM	12,665,522	16,284,242
ACCRUED INTEREST	18,123,838	26,339,318
ACCOUNTS PAYABLE	596,523	651,645
TOTAL LIABILITIES	571,180,883	633,600,205
NET ASSETS:		
AUTO ACCOUNT BALANCE	60,427,851	53,913,252
ALL OTHER ACCOUNT BALANCE	210,246,506	(165,146,728)
TOTAL NET ASSETS	270,674,357	(111,233,476)
TOTAL LIABILITIES AND NET ASSETS	\$ 841,855,240	\$ 522,366,729

FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE 2 MONTH(S) ENDED 2/28/2025
MODIFIED CASH BASIS (UNAUDITED)

	Auto YTD	All Other YTD	TOTAL YTD	PREVIOUS YTD
REVENUE:				
RESTRICTED ASSESSMENTS				
ASSESSMENTS - 2023A 1.0%	\$ -	\$ 50,773,831	\$ 50,773,831	\$ -
REGULAR ASSESSMENTS				
ASSESSMENTS - 2021 0.7%	-	(69,068)	(69,068)	351,432
ASSESSMENTS - 2022A 1.3%	-	(243,438)	(243,438)	6,738,140
ASSESSMENTS - 2022B 0.7%	-	317,552	317,552	29,498,299
ESTATE DISTRIBUTIONS AND OTHER RECOVERIES	3,221,435	156,808	3,378,243	374,382
INTEREST INCOME, NET OF RELATED EXPENSES	786,467	3,606,044	4,392,511	2,863,040
TOTAL REVENUE	4,007,902	54,541,729	58,549,631	39,825,293
EXPENSES:				
FINANCE/BONDS				
INTEREST EXPENSE	-	3,813,671	3,813,671	15,526,305
BOND ISSUANCE COSTS	-	-	-	70,924
OPERATIONS				
CLAIMS PAID	127,286	41,567,142	41,694,428	114,748,431
CLAIMS HANDLING FEES	3,019	1,349,963	1,352,982	3,142,187
RETURNED PREMIUM	-	(244)	(244)	520,826
DIRECT ESTATE EXPENSES	3	10,790	10,793	24,640
GENERAL & ADMIN EXPENSES	3,558	1,301,095	1,304,653	1,375,465
TOTAL EXPENSES	133,866	48,042,417	48,176,283	135,408,778
CHANGE IN NET ASSETS	3,874,036	6,499,312	10,373,348	(95,583,485)
NET ASSETS - BEGINNING OF PERIOD	56,553,815	203,747,194	260,301,009	(15,649,991)
NET ASSETS - END OF PERIOD	\$ 60,427,851	\$ 210,246,506	\$ 270,674,357	\$ (111,233,476)

FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.

ADMINISTRATIVE EXPENSES
FOR THE 2 MONTH(S) ENDED 2/28/2025
MODIFIED CASH BASIS (UNAUDITED)

	<u>CURRENT</u> <u>MONTH</u>	<u>CURRENT</u> <u>YEAR TO DATE</u>	<u>PREVIOUS</u> <u>YEAR TO DATE</u>
ADMINISTRATIVE EXPENSES			
SALARIES & BENEFITS	\$ 217,788	\$ 502,459	\$ 352,240
NON-EMPLOYEE VARIABLE CLAIM SUPPORT	201,393	491,662	619,690
PREMISES	2,906	8,452	8,664
ACCOUNTING & AUDITING	1,338	3,534	10,572
BANK FEES	10,623	13,474	83
BOARD MEETINGS TRAVEL	69	104	-
COMMUNICATION	8,325	13,281	14,156
CONSULTING	516	516	25,400
DUES & PUBLICATIONS	2,197	187,444	184,903
INSURANCE	240	(1,210)	-
LEGAL & LEGISLATIVE SUPPORT FEES	(44)	1,048	53,609
OFFICE SUPPLIES	829	1,917	2,298
POSTAGE & SHIPPING	2,214	3,402	6,121
TAXES & LICENSES	-	-	-
TECHNOLOGY	60,299	65,209	80,271
TRAVEL & STAFF DEVELOPMENT	3,200	4,056	8,441
EXPENSES BEFORE DEPRECIATION	511,893	1,295,348	1,366,448
DEPRECIATION EXPENSE	4,629	9,305	9,017
TOTAL ADMINISTRATIVE EXPENSES	\$ 516,522	\$ 1,304,653	\$ 1,375,465
		-	-

FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.
BUDGET STATUS REPORT
FOR THE 2 MONTH(S) ENDED 2/28/2025
MODIFIED CASH BASIS (UNAUDITED)

	<u>MONTH</u> <u>ACTUAL</u>	<u>MONTH</u> <u>BUDGET</u>	<u>FAVORABLE</u> <u>(UNFAV)</u>	<u>YTD</u> <u>ACTUAL</u>	<u>YTD</u> <u>BUDGET</u>	<u>FAVORABLE</u> <u>(UNFAV)</u>	<u>FAVORABLE</u> <u>(UNFAV)</u>
ADMINISTRATIVE EXPENSES							
SALARIES & BENEFITS	\$ 217,788	\$ 250,126	\$ 32,338	\$ 502,459	\$ 607,132	\$ 104,673	17.24%
NON-EMPLOYEE VARIABLE CLAIM SUPPORT	201,393	296,071	94,678	491,662	592,142	100,480	16.97%
PREMISES	2,906	4,016	1,110	8,452	8,497	45	0.53%
ACCOUNTING & AUDITING	1,338	4,794	3,456	3,534	9,105	5,571	61.19%
BANK FEES	10,623	3,333	(7,290)	13,474	6,667	(6,807)	-102.10%
BOARD MEETINGS TRAVEL	69	-	(69)	104	-	(104)	0.00%
COMMUNICATION	8,325	5,931	(2,394)	13,281	11,862	(1,419)	-11.96%
CONSULTING	516	519	3	516	6,521	6,005	92.09%
DUES & PUBLICATIONS	2,197	4,785	2,588	187,444	187,878	434	0.23%
INSURANCE	240	-	(240)	(1,210)	-	1,210	0.00%
LEGAL & LEGISLATIVE SUPPORT FEES	(44)	3,706	3,750	1,048	8,417	7,369	87.55%
OFFICE SUPPLIES	829	650	(179)	1,917	1,300	(617)	-47.46%
POSTAGE & SHIPPING	2,214	3,855	1,641	3,402	7,710	4,308	55.88%
TAXES & LICENSES	-	-	-	-	-	-	0.00%
TECHNOLOGY	60,299	36,267	(24,032)	65,209	71,874	6,665	9.27%
TRAVEL & STAFF DEVELOPMENT	3,200	4,648	1,448	4,056	9,295	5,239	56.36%
TOTAL ADMINISTRATIVE COSTS	\$ 511,893	\$ 618,701	\$ 106,808	\$ 1,295,348	\$ 1,528,400	\$ 233,052	15.25%
CAPITAL EXPENDITURES				\$ -	\$ 3,292	\$ 3,292	

FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.

Year-to-Date Budget Variance Report

For the 2 Month(s) Ending 2/28/2025

At the end of February 2025, there was an **favorable** budget variance of \$233,052 in administrative costs.

Explanations are provided below for all G&A accounts with YTD variances over \$10,000.

FAV / UNFAV %

Salaries and Benefits

Under budget by \$104,673

17.2%

Salaries are under budget due to open FIGA claim managers and administrative positions.

Non-employee Variable Claim Support

Under budget by \$100,480

17.0%

Non-employee variable claim support variance is due to less than anticipated expense for FIGA claim managers and administrative positions needed for the UPC insolvency. Greater planned use of temporary staff instead of full-time employees for scalability.

- AGFG Financial Statements February 28, 2025
-

American Guaranty Fund Group, Inc.
BALANCE SHEET
2/28/2025
GAAP BASIS (UNAUDITED)

	AS OF
	2/28/2025
ASSETS	
CASH ON HAND AND ON DEPOSIT	\$ 1,275,568
ACCOUNTS RECEIVABLE - OTHER	1,913
ACCOUNTS RECEIVABLE - FIGA	597,361
ACCOUNTS RECEIVABLE - FWC	90,859
TOTAL ASSETS	\$ 1,965,701
LIABILITIES	
PREPAID RENT	\$ -
ACCOUNTS PAYABLE-OTHER	-
ACCRUED LEAVE	161,601
OPERATING ADVANCE	1,804,100
TOTAL EQUITY AND LIABILITIES	\$ 1,965,701

American Guaranty Fund Group, Inc.
BUDGET STATUS REPORT
FOR THE 2 MONTH(S) ENDED 2/28/2025

	ACTUAL YEAR TO DATE			BUDGET YEAR TO DATE			FAV (UNFAV)	FAV (UNFAV) %
	FIGA	FWC	TOTAL	FIGA	FWC	BUDGET		
ADMINISTRATIVE EXPENSES								
SALARIES & BENEFITS	\$ 502,459	\$ 140,575	\$ 643,034	\$ 607,132	\$ 145,390	\$ 752,522	\$ 109,488	14.5%
NON-EMPLOYEE VARIABLE CLAIM SUPPORT	491,662	-	491,662	592,142	-	592,142	100,480	17.0%
PREMISES	8,452	3,112	11,564	8,497	3,883	12,380	816	6.6%
ACCOUNTING & AUDITING	3,534	1,815	5,349	9,105	6,761	15,866	10,517	66.3%
BANK FEES	13,474	1,192	14,666	6,667	833	7,500	(7,166)	-95.5%
BOARD MEETINGS TRAVEL	104	101	205	-	-	-	(205)	
COMMUNICATION	13,281	2,327	15,608	11,862	2,962	14,824	(784)	-5.3%
CONSULTING	516	129	645	6,521	4,144	10,665	10,020	94.0%
DUES & PUBLICATIONS	187,444	62,632	250,076	187,878	63,019	250,897	821	0.3%
INSURANCE	(1,210)	(1,370)	(2,580)	-	-	-	2,580	
LEGAL & LEGISLATIVE SUPPORT FEES	1,048	45,000	46,048	8,417	48,333	56,750	10,702	18.9%
OFFICE SUPPLIES	1,917	479	2,396	1,300	329	1,629	(767)	-47.1%
POSTAGE & SHIPPING	3,402	17	3,419	7,710	367	8,077	4,658	57.7%
TAXES & LICENSES	-	-	-	-	-	-	-	
TECHNOLOGY	65,209	4,625	69,834	71,874	8,538	80,412	10,578	13.2%
TRAVEL & MEETINGS	4,056	400	4,456	9,295	2,900	12,195	7,739	63.5%
TOTALS EXPENDITURES	<u>\$ 1,295,348</u>	<u>\$ 261,034</u>	<u>\$ 1,556,382</u>	<u>\$ 1,528,400</u>	<u>\$ 287,459</u>	<u>\$ 1,815,859</u>	<u>\$ 259,477</u>	<u>(4.2)%</u>

**American Guaranty Fund Group
Year-to-Date Budget Variance Report
For the 2 Month(s) Ending 2/28/2025**

At the end of February 2025, there was an **favorable budget variance of \$259,477** in administrative costs.

Explanations are provided below for administrative accounts with YTD variances over \$15,000.

		FAV / (UNFAV) %
Salaries & Benefits	Under budget by 109,488	14.5%
Salaries are under budget due to open FIGA claim managers and administrative positions.		
Non-employee Variable Claim Support	Under budget by \$100,480	(17.0)%
Non-employee variable claim support variance is due to less than anticipated expense for FIGA claim managers and administrative positions needed for the UPC insolvency. Greater planned use of temporary staff instead of full-time employees for scalability.		

- Early Access Report
-

Early Access/Reimbursement Report

Report Parameters:
PED [2/28/2025]
Entity [FIGA]

ESTATE	STATUS	STATE	2020	2021	2022	2023	2024	CYR	Total
AEQUICAP	CL	FL	94,126	11,561	1,440		69,528		176,656
AFFIRMATIVE	OP	IL		1,483					1,483
AMERICAN CAPITAL	OP	FL			26,600,000	8,970,333	898,191		36,468,524
AMERICAN SUPERIOR	CL	FL	115						115
ARIES	CL	FL	550	1,800	2,930	2,630	263,961	300	272,171
ARMOR	CL	FL	1,566						1,566
ATLANTIC PREFERRED	CL	FL		13,500	5,500	4,265			23,265
AVATAR	OP	FL			20,000,000	9,241,678			29,241,678
CASTLEPOINT	OP	CA	840		1,674,500	1,438,897		454,539	3,568,776
CASUALTY INS CO OF FL	CL	FL	2,915						2,915
DEALERS	CL	FL	36						36
EAGLE	CL	NJ	17						17
FEDNAT	OP	FL				2,039,134	32,034,507		34,073,641
FIRST COMMERCIAL	CL	FL	224,079		59,210				283,289
FIRST COMMERCIAL TRANS	CL	FL	867	800					1,667
FLORIDA SPECIALTY	OP	FL	20,000,000	42,915,092	1,144,185	3,675,959			67,735,235
FORTUNE	CL	FL	1,562	1,594	67	67	67		3,356
FRONTIER	OP	NY					97,154		97,154
GLOBAL LIBERTY	OP	NY					200,000	1,018	201,018
GRAMERCY	OP	TX			1,402,686				1,402,686
GULFSTREAM	OP	FL			27,239,999	14,525,372	3,230,520		44,995,891
HOME	OP	NH					92,183		92,183
HOMEWISE	CL	FL	4,400	493,182	3,385			98,327	599,294
IDEAL MUTUAL	OP	NY		948,282					948,282
INTEGRITY	CL	NJ	5,599						5,599
LIGHTHOUSE	OP	LA				7,080,098			7,080,098
LINCOLN GENERAL	OP	PA				28,339			28,339
LUMBERMENS	OP	IL		21,369					21,369
MISSION NAT'L	CL	CA	76,725						76,725
NAT'L COLONIAL	CL	KS	29						29
NAT'L GROUP	CL	FL	14,236	98,936					113,172
NAT'L INS CO	OP	FL	264,969		605,768	282,815			1,153,552
NORTHWESTERN NAT'L	OP	WI		25,000		6,116	689		31,805
PARK AVENUE P&C	OP	OK		43,846					43,846
PINNACLE	OP	GA	1,606,135						1,606,135
RELIANCE	OP	PA		5,923			367,817		373,740
SAWGRASS MUTUAL	CL	FL			342,535		25,394		367,928
SEMINOLE CASUALTY	CL	FL	47,939	53,910	12,054	23,525	22,804	1,971	162,204
SOUTHERN FAMILY	CL	FL		48,000	11,000	7,668			66,668
SOUTHERN FIDELITY	OP	FL			30,000,000	14,841,233	11,208,368		56,049,601
ST JOHNS	OP	FL			25,000,000	41,631,840	7,030,357		73,662,197
SUNSHINE STATE	CL	FL	3,000,000	6,300,000	86,973				9,386,973
ULLICO	OP	DE	18,599						18,599
UNITED P&C	OP	FL				12,755,066	368,470,930		381,225,997
WESTON P&C	OP	FL				4,429,458			4,429,458
WINDHAVEN	OP	FL		15,000,000	11,599,612	924,588			27,524,200
WINDHAVEN NAT'L	OP	TX			8,508,778	4,955,045	3,699,545	2,822,087	19,985,455
Total Receipts:			25,365,304	65,984,276	154,300,623	126,864,126	427,712,015	3,378,242	803,604,587

OPERATIONS REPORT

- 2025 Organizational Goals
- Annual Review of Contracts and Vendors
- Conflict of Interest Policy
- 2024 Annual Report
- COO Update (Verbal)

- 2025 Organizational Goals

2025 AGFG Goals and Objectives

- 1) Initiate **Claims System Replacement Project** including a supporting Learning Management solution.
 - a. Claims system replacement project will require the entire organizations support and commitment.
 - b. Learning Management solution will vastly improve our speed to market with the training of new claims adjusters / managers post any insolvency.
 - c. Will be a Multi-year project.
- 2) Implement **Member Portal Project**.
 - a. Project will result in a more efficient, web based solution which will enhance the member experience by improving assessment based communications, reporting and compliance.
- 3) Refine and enhance **Litigation Management Practices** including overall strategy document and tactical actions.
 - a. A fresh view of our practices around Litigation Management is essential given our investment in the Caseglide software and over 70% of our remaining claims in litigated claims.
 - b. Will include full implementation of Caseglide bill review module.
- 4) Implement **Claims File Auditing Programs** for FIGA and FWCIGA claims paid.
 - a. Project will provide an independent view on our claims handling practices and will increase the transparency to interested parties.
 - b. Project will also include reimplementaion of internal claims file reviews by claims leadership team.
- 5) Continue work on improving AGFG's handling of **customer complaints / inquiries**.
 - a. Improve tracking and status reporting, reduce complaint cycle times, improve communications to all stakeholders and conduct root cause analysis for complaint reduction.

Initiatives pursued if capacity exists during the year

- Initiate review of all **policies and procedures**.
 - Will address outdated / stale references and any change in requirements.
- Conduct a complete **review and updating of all customer facing insolvency communications**.
 - Coordination with Receiver's Office and other State agencies.
- Investigate opportunities to **detect and prevent insurer insolvencies**.
 - Receiver coordination, NCIGF, Florida OIR, Florida DFS
- **Establish webmaster role**.
 - Owner for improvement and management of intranet and all public facing websites.



Claims System Replacement Project

Claims System Replacement Project

What work has been accomplished?

- The ITN was posted on February 11, with a March 14 deadline.
- The ITN was noticed on the state's websites, posted to our website, and sent to 16 claims system vendors.
- The 6 vendors who submitted proposals are Snapsheet, GuideWire, Duck Creek, Origami Risk, Insurity, and E-Claim.
- The evaluation team decided to exclude Duck Creek from demonstrations based on a lack integrated document management features and pricing.

Claims System Replacement Project

Meet the Demonstration and Evaluation Team

- The evaluation team is made up of resources across AGFG's business units, designed to ensure we have an SME for each area.
 - Steve Brown – COO
 - Liz Frisbie – Controller
 - Bill Hughes – VP of Claims
 - Cavondra Ball – Senior Developer
 - Andrew Harris – IT Manager
 - Bob Ricker – Executive Director

Claims System Replacement Project

Progress as of April 14th 2025

- 1 demonstration has been completed, with 4 more scheduled in the coming days.
- In addition to the evaluation team, members of FIGA and FWCIGA's claims department are attending the demonstrations.
- The included claims staff will have input on the scoring of the claim's system's functionality and features.
- The evaluation team will be scoring the work flows, accounting, IT, and cost aspects of the vendor's proposals.

Claims System Replacement Project

What is next?

- Once the demonstrations are completed, the evaluation team will score the proposed systems.
- Once scored, the evaluation team will select one or more to negotiate contract terms with, requesting their best and final offer (BAFO).
- AGFG will then present the top candidate(s) to the AGFG, FIGA, and FWCIGA boards for approval.
- The drafting of an RFP for the Learning Management System will begin soon.

Claims System Replacement Project



Claims System Replacement Project

Conclusion

- Our last demonstration is April 18. AGFG continues to be on track for presenting our findings to the AGFG Board and Florida DFS for approval in May.
- 3 of the proposed systems are currently used by at least one Guaranty Association.
- Thank you for your continued support, please ask any questions you may have.



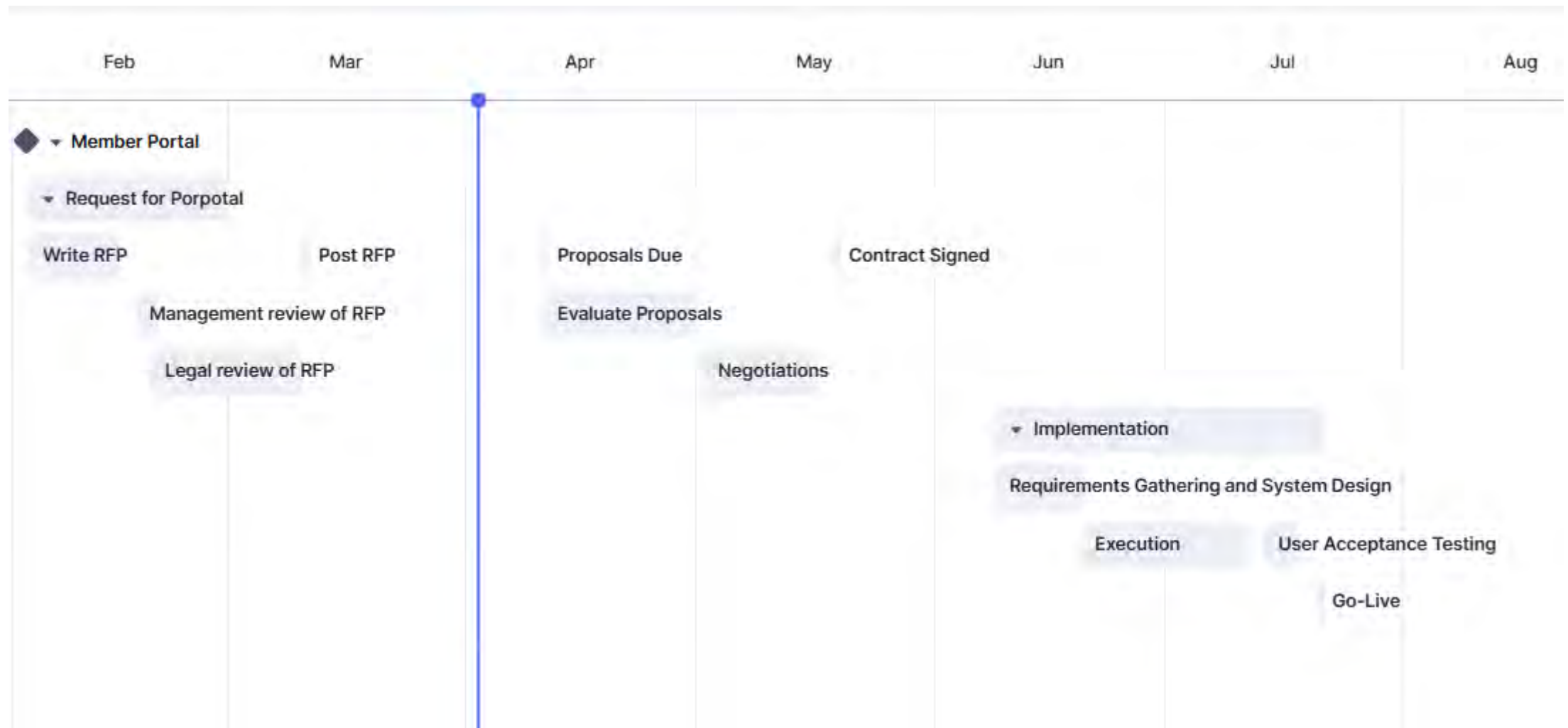
Member's Portal Project

Member Portal Project

Overview of Project

- The Request for proposal was posted on March 11.
- The RFP was noticed on the state's online system, posted to our website, and sent to local software development firms.
- 5 potential vendors have responded with questions regarding the RFP.
- Proposals are due April 11.

Member Portal Project



Member Portal Project

Conclusion

- Once we reach the deadline we will begin reviewing proposals.
- Vendors will be selected to demonstrate similar projects they have created.
- Currently implementation is projected for July 2025, but this date will likely be updated once we select a vendor.

- Annual Review of Contracts and Vendors
-

Memo

To: Board of Directors
From: Elizabeth Frisbie
Date: April 4, 2024
Subject: Vendor Review

Administrative and Claims Vendors:

Article III. F of the Competitive Solicitation and Purchasing Guidelines (CSPG) requires the Board to review annually a list of vendors for which payments exceeded \$10,000.

In Exhibit A, there were 73 vendors that met the \$10,000 threshold (identified with *). There are an additional 3 vendors for which the payments made by FIGA added to those made by FWCIGA exceeded \$10,000 (identified with **).

In Exhibit B, there were 103 appraisers, defense attorneys, engineers, independent field adjusters and other consultants used in the claim handling process that met the \$10,000 threshold.

Exhibit C identifies Category 3 (exceeds \$50,001) and Category 2 (between \$25,001 and \$50,000) expenditures and provides additional information about whether those expenditures are (1) subject to competitive solicitation or (2) require contract approval by the Board under the CSPG.

Our vendor management practices comply with established purchasing guidelines.

FIGA 2024 Vendor List			
Vendor	Type	Vendor	Type
1099 Pro, Inc.	General Office	Lenox Godfrey	Reimbursement
Ace Electrical Contractors of Leon, Inc	General Office	LexisNexis Risk Solutions	General Office
Advanced Business Systems	General Office	Liberty Mutual Insurance	* Insurance
AFLAC	Employee	Lightspeed Data Solutions Inc.	* Claims
Alacrity Solutions Group LLC	* Claims TPA	Lincoln National Life Insurance Company	* Insurance
Allen, Norton & Blue, P.A.	* Legal	LogMeIn USA, Inc.	General Office
American Guaranty Fund Group	* Reimbursement	Louis Sirois LLC dba Fresh Start Painting	** Building
Annette Acosta	Reimbursement	Lozano Insurance Adjusters, Inc.	* Claims TPA
Bank of America	* Bonding/Investments	Luks & Santaniello, LLC	Legal
Barineau Heating & Air Conditioning, Inc.	* Building	Lydia Johnson	Reimbursement
Barrett Claims Management Inc	* Claims TPA	Manpower	* Employee
BDO	General Office	Marpan Supply Co., Inc.	General Office
Berk, Merchant & Sims, PLC	Legal	Massey Services, Inc.	General Office
Best Risks LLC	* Claims TPA	May's Munroe Inc	General Office
Bonnie Smith	Reimbursement	Meenan PA	* Legal
Boyd & Jenerette PA	Legal	MetLife Legal Plans, Inc.	Insurance
Boyd Richards Parker & Colonnelli	Legal	Microage	* General Office
Brown & Brown of Florida, Inc.	* Employee	Microsoft Corporation	* General Office
Buckner, Shifrin, Rice & Etter, PA	Legal	Mid-America Catastrophe Services LLC	* Claims TPA
Business & Legal Reports	General Office	Moody's Investors Service, Inc.	* Bonding/Investments
Business Management Daily	General Office	NAVEX Global, Inc.	Employee
Capital City Bank	* General Office	NCC Group Software Resilience LLC	General Office
Capital Health Plan	* Employee	NCIGF	* General Office
Caseglide LLC	* Claims	NEARMAP US Inc	Claims
Casey White	General Office	Office Depot	General Office
Certified Languages International LLC	General Office	Orion Whitlock	Reimbursement
City of Tallahassee	* Building	Pacesetter Claims Service, Inc	* Claims TPA
Claim Consultant Group LLC	* Claims TPA	Parafinczuk Wolf, PA	Legal
Clarence Lee	Reimbursement	PC Connection Sales Corp	* General Office
CNA	Insurance	Peak Claims Group Inc	* Claims TPA
Coalition Insurance Company	* Reimbursement	perQs Coffee Service	General Office
Cole, Scott & Kissane, PA	* Legal	Pet Benefit Solutions	Insurance
Colonial Claims LLC	* Claims TPA	Pitney Bowes, Inc.	* General Office
Comcast	General Office	Postmaster	General Office
Conroy Simberg PA	* Legal	Principal Custody Solutions	* Banking/Investments
Continental Staffing, Inc.	* Employee	Pro Tree Service Inc	Building
Corey Neal	Reimbursement	Progress Software Corporation	General Office
Crown Castle Fiber LLC	* General Office	Quintairos, Prieto, Wood & Boyer, P.A.	* Legal
Dandan Chen	Reimbursement	Raymond James & Associates, Inc.	* Banking/Investments
David Hinton	Reimbursement	RBC Global Asset Management (U.S.) Inc.	* Banking/Investments
David Lebron	Reimbursement	Reserve Account	* General Office
Dell Marketing LP	* General Office	Ring Central Inc	* General Office
Delta Dental Insurance Company	Insurance	Risk & Regulatory Consulting LLC	General Office
Devolutions, Inc.	General Office	Riverwood Claims Management Inc	* Claims TPA

* Amount paid greater than \$10,000; ** Amount paid when combined with FWCIGA payment was greater than \$10,000

**FIGA
2024 Vendor List**

Vendor	Type	Vendor	Type
DocuSign, Inc.	* General Office	Robert Gerard Gantley	* Claims TPA
Doorman	General Office	Ryze Claim Solutions LLC	* Claims TPA
Doris Maloy, Leon County Tax Collector	* General Office	Sachs Media Group	* General Office
Elizabeth Frisbie	Reimbursement	Sage Software	General Office
Evans Insurance Group Inc	* General Office	Schindler Elevator Corporation	** Building
Everon LLC	Building	Secureworks, Inc.	* General Office
FKS Insurance Services LLC	* Claims TPA	Shannon Walker	Reimbursement
Florida Blue	* Insurance	Shred-it USA LLC	General Office
Florida Combined Life	* Insurance	Siemens	General Office
Florida Department of Financial Services	General Office	Sonitrol	General Office
Florida Department of State	General Office	Southern Flooring	** Building
Florida Workers Compensation Insurance Guaranty Association	* Reimbursement	Southernland Enviromental Solutions LLC	General Office
Freshworks Inc	General Office	SSM Consulting LLC	* Claims Subcontractor
GC Pivotal LLC	General Office	Steven Brown	** Reimbursement
Genevieve Pons-Eguino	Reimbursement	Sue Fluty	Reimbursement
Glogal Risk Solutions Inc	Claims TPA	Susan Ferguson	Reimbursement
GreatAmerica Financial Services Corporation	General Office	TeamViewer	General Office
Groelle & Salmon, P.A.	Legal	Teksystems Inc	* Employee
Gutterhawk Roofing & Gutter Specialist, Inc.	General Office	The Bank of New York Mellon Trust Company NA	* Bonding/Investments
Hand, Arendall, Harrison, Sale LLC	Legal	The Carlisle Group	General Office
HD Law Partners	Legal	The Henson Group Inc	* General Office
Hernandez & Valois PA	* Legal	The Lawn Johns LLC	Building
Hightower & Partners	Legal	The UPS Store (#1962)	General Office
HRdirect	General Office	THEBEST Claims Solutions Inc	* Claims TPA
IB4ALL.com LLC	* Claims Subcontractor	Thomas, Howell, Ferguson, PA	* Accounting
ICW Adjusting LLC	* Claims Subcontractor	Tri-State Insurance Company	* Reimbursement
Infinity Software Development, Inc	General Office	Troy Gunderson	Reimbursement
Information Management Consulting	* General Office	Tyra Willis	Reimbursement
Insight Investment	* Banking/Investments	Unifirst Corporation	General Office
IntegriSource	** General Office	USSI Cleaning	* Building
Inurance Claims Unlimited Inc	Claims TPA	Verizon Wireless	General Office
ISO Services, Inc.	* Claims	Vernis & Bowling PA	Legal
J&W Irrigation and Repair LLC	General Office	Veronica DeGraff	Reimbursement
Janice Walker	Reimbursement	Vertafore	* General Office
Johnson, Anselmo, Murdoch, Burke, Piper & Hochman, P.A.	Legal	Walton Lantaff Schroeder & Carson LLP	Legal
Kelley Kronenberg	* Legal	Wells Fargo Banks	* Banking/Investments
KnowBe4, Inc.	General Office	William Hughes	Reimbursement
Krystal Klean	General Office	Williams Chartered PA	* Legal
Kubicki Draper	Legal	Willie Holmes Jr	* Claims Subcontractor
Lee Ward	Reimbursement	Worldwide Express	* General Office

*Amount paid greater than \$10,000; ** Amount paid when combined with FWCIGA payment was greater than \$10,000

FIGA VENDOR PAYMENTS FROM CLAIM SYSTEM 2024
Vendor Payments greater than \$10,000 plus all Panel Selection

APPRAISALS

ARCHITECTURAL TESTING, INC.

BYUN INVESTMENTS COMPANY

ATTORNEY

ABBEY ADAMS BYELICK & MUELLER, LLP
 ANDREWS CRABTREE KNOX & LONGFELLOW LLP
 BARRETT CHAPMAN AND RUTA PA
 BERK MERCHANT & SIMS PLC
 BOYD AND JENERETTE PA
 BOYD RICHARDS PARKER & COLONNELLI PL
 BUCKNER AND SHIFRIN PA
 BUSH & AUGSPURGER PA
 COLE SCOTT AND KISSANE PA
 COLODNY FASS
 CONROY SIMBERG PA
 DENNIS JACKSON MARTIN & FONTELA PA
 FLORIDA GOVERNMENT LAW PARTNERS PLLC
 GROELLE AND SALMON PA
 HD LAW PARTNERS PA
 HERNANDEZ & VALOIS PA
 HIGHTOWER AND PARTNERS PA
 JOHN J PHILLIPS PA
 JOHNSON ANSELMO MURDOCH BURKE PIPER & HOCHMAN PA

KELLEY KRONENBERG PA
 KUBICKI DRAPER PA
 LUKS SANTANIELLO PETRILLO AND COHEN
 MARSHALL DENNEHEY WARNER COLEMAN & GOGGIN
 MEENAN PA
 NOVARA TESJIA CATENACCI MCDONALD & BAAS PLLC
 PARAFINCZUK WOLF PA
 PECKAR & ABRAMSON PC
 QUINTAIROS PRIETO WOOD AND BOYER PA
 ROGERS TOWERS PA
 THE ROCK LAW GROUP PA
 US LEGAL SUPPORT INC
 VERNIS AND BOWLING PA
 WADSWORTH MARGREY & DIXON LP
 WALTON LANTAFF SCHROEDER AND CARSON LLP
 WICKER SMITH O'HARA MCCOY & FORD PA
 WILLIAMS CHARTERED PA
 WILLIAMS LEININGER & COSBY PA

ENGINEERING

ALLIED AMERICAN ADJUSTING COMPANY LLC
 AREHNA ENGINEERING INC
 DONAN ENGINEERING COMPANY INC
 GRINDLEY WILLIAMS ENGINEERING
 HAAG ENGINEERING CO
 JS HELD LLC

KEYSTONE EXPERTS AND ENGINEERS, LLC
 RIMKUS CONSULTING GROUP
 SDII GLOBAL CORPORATION
 THE PRONET GROUP INC
 TIERRA INC

INDEPENDENT ADJUSTER

ALL CLAIMS CONSULTING INC
 ALL CLAIMS REPAIRS LLC
 ALL RISK CLAIMS CONSULTANTS INC
 ALTERNATE DISPUTE RESOLUTION INC
 BAYSIDE ADJUSTERS
 BURTON CLAIM SERVICE INC
 CIS CLAIM SERVICES LLC
 CLAIMS CONSULTANTS GROUP
 CNC CATASTROPHE & NATIONAL CLAIMS
 DAVIES CLAIMS NORTH AMERICAN
 DDA CLAIMS MANAGEMENT
 EBERL CLAIMS SERVICE LLC
 EIG CLAIMS SERVICE INC

EVANS ADJUSTING AND APPRAISALS LLC
 FORCON INTERNATIONAL CORP
 G & G INSURANCE ADJUSTERS INC
 INSURANCE CLAIMS UNLIMITED INC
 JOHNS EASTERN COMPANY INC
 LOZANO INSURANCE ADJUSTERS INC
 MAS CLAIMS ADJUSTING
 MILLS MEHR & ASSOCIATES INC
 ONSITE CLAIMS SERVICE INC
 RYZE CLAIM SOLUTIONS LLC
 TSI ADJUSTERS INC
 US CLAIMS RELIEF INC

ALL OTHER

ADDISON RILEY LLC
 ADR PARTNERS, LLC
 AKG ROOFING AND SPECIALTY SERVICES INC
 ALTA ENGINEERING COMPANY
 AMA SETTLEMENT SERVICES INC
 ANDRIE BROS. CONSTRUCTION, INC.
 ARCADIA ICR LLC
 BELFOR PROPERTY RESTORATION
 COMPLETE CONSTRUCTION AND DEVELOPMENT INC
 COMPLETE GENERAL CONTRACTORS, INC
 DAUGHTERS REPORTING, INC.
 EAST COAST CONTRACTORS INC
 ELITE EMS RESTORATION
 ESQUIRE DEPOSITION SOLUTIONS LLC

ESTIMATE SOLUTIONS LLC
 FLORIDA DEPARTMENT OF FINANCIAL SERVICES
 GALT CONTRACTING INC
 LEXITAS
 NEUMANN CONSTRUCTION LLC
 PETE FOWLER CONSTRUCTION SERVICES INC
 RISEDOCUMENT INC
 ROMAD ROOFING LLC
 SALMON AND DULBERG DISPUTE RESOLUTION
 SUREDGE
 UNIVERSAL COURT REPORTING INC
 US FORENSIC LLC
 VERITEXT LLC
 WAREHAM CONSTRUCTION INC

FIGA
2024 Competitive Solicitation and Purchasing Policy Compliance

Vendor		Type	FIGA Category	Combined Category	Competitive Solicitation	Comments	Contract Approved by Board
Alacrity Solutions Group LLC	*	Claims TPA	3		Exempt		Yes
Allen, Norton & Blue, P.A.	*	Legal Services					
Bank of America	*	Bonding/Investments	2		Yes		Yes
Barineau Heating & Air Conditioning, Inc.	*	Building					
Barrett Claims Management Inc	*	Claims TPA	3		Exempt		Yes
Best Risks LLC	*	Claims TPA			Exempt		Yes
Brown & Brown of Florida, Inc.	*	Employee	3		No	Various business insurance	No
Capital City Bank	*	General Office			No	Financial Services	No
Capital Health Plan	*	Employee	3		No	Health Insurance	No
Caseglide LLC	*	Claims	3		Yes	Last Conducted in 2023	Yes
City of Tallahassee	*	Building	2				
Claim Consultant Group LLC	*	Claims TPA	3		Exempt		Yes
Cole, Scott & Kissane, PA	*	Legal Services					
Colonial Claims LLC	*	Claims TPA	3		Exempt		Yes
Conroy Simberg PA	*	Legal Services					
Continental Staffing, Inc.	*	Employee	3		Exempt		
Crown Castle Fiber LLC	*	General Office	2			Broadband Service	No
Dell Marketing LP	*	General Office				Individual IT equipment purchases	
DocuSign, Inc.	*	General Office	2				No
Doris Maloy, Leon County Tax Collector	*	General Office		2			
Evans Insurance Group Inc	*	Claims TPA			Exempt		
FKS Insurance Services LLC	*	Claims TPA	3		Exempt		Yes
Florida Blue	*	Insurance	3		No	Health Insurance	No
Florida Combined Life	*	Insurance			No	Health Insurance	No
Hernandez & Valois PA	*	Legal Services					
IB4ALL.com LLC	*	Claims Subcontractor	3		Exempt		Yes
ICW Adjusting LLC	*	Claims Subcontractor	3		Exempt		Yes
Information Management Consulting	*	General Office					
Insight Investment	*	Banking/Investments	3			Last conducted in 2010	Yes
IntegriSource	**	General Office					
ISO Services, Inc.	*	Claims					
Kelley Kronenberg	*	Legal Services					
Liberty Mutual Insurance	*	Insurance	2		No	Health Insurance	No
Lightspeed Data Solutions Inc.	*	Claims	3			Sole Source Purchase	Yes
Lincoln National Life Insurance Company	*	Insurance	2		No	Health Insurance	
Louis Sirois LLC dba Fresh Start Painting	**	Building					
Lozano Insurance Adjusters, Inc.	*	Claims TPA	3		Exempt		Yes
Manpower	*	Employee	2		Exempt		
Meenan PA	*	Legal Services	3		Exempt		Yes
Microage	*	General Office	3		No	Individual IT equipment purchases	

FIGA
2024 Competitive Solicitation and Purchasing Policy Compliance

Vendor		Type	FIGA Category	Combined Category	Competitive Solicitation	Comments	Contract Approved by Board
Microsoft Corporation	*	General Office	3		No	Individual IT equipment purchases	
Mid-America Catastrophe Services LLC	*	Claims TPA	3		Exempt		Yes
Moody's Investors Service, Inc.	*	Bonding/Investments	2		Yes		Yes
NCIGF	*	Sole Source Purchase					
Pacesetter Claims Service, Inc	*	Claims TPA	3		Exempt		Yes
PC Connection Sales Corp	*	General Office	2		No	Individual IT equipment purchases	
Peak Claims Group Inc	*	Claims TPA	3		Exempt		Yes
Pitney Bowes, Inc.	*	General Office					No
Principal Custody Solutions	*	Banking/Investments					Yes
Quintairos, Prieto, Wood & Boyer, P.A.	*	Legal Services					
Raymond James & Associates, Inc.	*	Banking/Investments	2		Yes	Last conducted in 2010	Yes
RBC Global Asset Management (U.S.) Inc.	*	Banking/Investments	3		Yes	Last conducted in 2010	Yes
Reserve Account	*	General Office					
Ring Central Inc	*	General Office					No
Riverwood Claims Management Inc	*	Claims TPA	3		Exempt		Yes
Robert Gerard Gantley	*	Claims Subcontractor	3		Exempt		Yes
Ryze Claim Solutions LLC	*	Claims TPA	3		Exempt		Yes
Sachs Media Group	*	General Office					No
Schindler Elevator Corporation	**	Building					No
Secureworks, Inc.	*	General Office					
Southern Flooring	**	Building					No
SSM Consulting LLC	*	Claims TPA	3		Exempt		Yes
Teksystems Inc	*	Employee	3		Exempt		
The Bank of New York Mellon Trust Company N	*	Bonding/Investments	3		Yes		Yes
The Henson Group Inc	*	General Office	3		No	Individual IT equipment purchases	
THEBEST Claims Solutions Inc	*	Claims TPA	2		Exempt		Yes
Thomas, Howell, Ferguson, PA	*	Accounting	3		Yes	Last conducted in 2021	Yes
Tri-State Insurance Company	*	Reimbursement					
USSI Cleaning	*	Building					
Vertafore	*	General Office	3		Exempt		No
Wells Fargo Banks	*	Banking/Investments	3		Yes		Yes
Williams Chartered PA	*	Legal Services					
Willie Holmes Jr	*	Claims Subcontractor	3		Exempt		Yes
Worldwide Express	*	General Office	2				

American Guaranty Fund Group Competitive Solicitation and Purchasing Guidelines For FIGA and FWCIGA

I. INTEGRITY OF THE CONTRACTING AND PURCHASING PROCESS

The purpose of these guidelines is to insure the preservation of the integrity of the contracting and purchasing process of the guaranty funds. The goal of the American Guaranty Fund Group, the Florida Insurance Guaranty Fund, and the Florida Workers Compensation Insurance Guaranty Association is to secure for all persons and entities desiring to do business with a guaranty fund the benefits of free, fair, and open competition. The opportunity to bid on contracts or to supply commodities and services to the guaranty funds or to otherwise transact business with the American Guaranty Fund Group is a privilege, not a right, but should remain open to all qualified suppliers of commodities and services required for the organization to carry out its duties. In order to preserve the integrity of the contracting and purchasing process, these guidelines and procedures are adopted and shall be adhered to by the American Guaranty Fund Group, the Florida Insurance Guaranty Fund, and the Florida Workers Compensation Insurance Guaranty Association as staff conducts the business of both guaranty funds.

II. DEFINITIONS

When utilized in these Competitive Solicitation and Purchasing Guidelines, these terms and phrases shall have the following meaning:

- A. “Claims Subcontractor” means expert witness, mediator, investigative, engineer, court reporter, appraiser, umpire, medical, prescription, ambulance, palliative care or other claim support services or expenditures under the supervision of guaranty fund defense counsel or internal guaranty fund claims staff.
- B. “Commodity” means any of the various supplies, materials, goods, merchandise, food, equipment, information technology and other personal property purchased, leased, or otherwise contracted for by the guaranty fund.
- C. “Competitive solicitation” means an invitation to bid, a request for proposals, or an invitation to negotiate.
- D. “Emergency purchase” means a purchase which is exempt from competitive solicitation because the failure to take immediate action would jeopardize the mission of the organization. The term of the emergency purchase cannot exceed the amount of time necessary to conduct a competitive solicitation and transition time, if necessary. The Board must be notified immediately of such emergency purchase.

- E. “Guaranty Fund(s)” means the Florida Insurance Guaranty Association, or the Florida Workers Compensation Insurance Guaranty Association, individually or collectively.
- F. “Invitation to Bid” means a written solicitation for competitive bids. The invitation to bid is used when the guaranty fund is capable of specifically defining the scope of work for which a contractual service is required or when the guaranty fund is capable of establishing precise specifications defining the actual commodity or group of commodities required.
- G. “Invitation to Negotiate” means a written solicitation for competitive replies to select one or more prospective vendors with which to commence negotiations for the procurement of commodities or contractual services. The invitation to negotiate is used when the guaranty fund determines that negotiations may be necessary to receive the best value.
- H. “Ordinary course of business” means expenditures in the normal course of business, including postage, facsimile transmittals, subscriptions, maintenance contracts for office equipment and software, stationery, janitorial services, utilities, telephone, cell phone and long distance charges, staff training, temporary help obtained through professional service agencies, miscellaneous office and break-room supplies and small equipment purchases, building maintenance costs, and other similar products and services necessary to operate the office and facilities of the Guaranty Funds within the constraints of the Board approved budget.
- I. “Purchasing Categories” means the following classification of goods or services purchases made by the guaranty funds:
 - 1. Category 1. Up to \$25,000
 - 2. Category 2. From \$25,001 to \$50,000
 - 3. Category 3. \$50,001 and above

These categories apply for an individual guaranty fund, but also apply in the event both guaranty funds are making a cooperative purchase through the American Guaranty Fund Group.
- J. “Prospective Vendor” means a provider of a commodity or a service, capable of delivering such commodity or service to the guaranty fund.
- K. “Request for Proposals” means a written solicitation for competitive proposals. The request for proposals is used when it is not practicable for the guaranty fund to specifically define the scope of work for which the commodity, group of commodities or contractual services is required and

when the guaranty fund is requesting that a prospective vendor propose a commodity, group of commodities, or contractual service to meet the specifications of the solicitation document.

- L. “Service(s)” means the rendering by a vendor of time and effort rather than the furnishing of commodities. Services may include, but are not limited to, evaluations, consultations, maintenance, accounting, security, management systems, management consulting, educational training programs, research and development studies or reports, and professional, technical and social services.
- M. “Sole source purchase” means a purchase that is exempt from competitive solicitation because there is only one person or company that can provide the contractual services needed and any attempt to obtain bids would only result in one person or company being available to meet the need.
- N. “Vendor” means a provider of a commodity or service that has been retained or placed under contract by the guaranty fund, or is actively providing such good or service to the guaranty fund.

III. PURCHASING GUIDELINES

The guaranty funds shall not be required to utilize the competitive solicitation process for purchasing category 1 commodities and services, and shall utilize the following purchasing guidelines:

- A. All purchases of commodities or services for purchasing category 1 shall only be made after review and approval of a supervisor.
- B. All purchases of commodities or services meeting the purchasing category 1 threshold may be made pursuant to a contract, purchase order, or other such documentation such as invoices or other information consistent with best practices and guaranty fund internal check request procedures.
- C. Staff shall endeavor to achieve the most cost effective means for accomplishing its purchasing objectives whenever possible, and shall balance quality and price considerations as a reasonably prudent person would in making all purchases.
- D. Purchases above \$5000, but below the purchasing category 1 maximum threshold, shall be pre-approved by the Director of Operations or the Executive Director and require at least two written quotes, telephonic quotes or informal bids whenever practical.
- E. All purchases of \$5000 or less must be approved by the Controller, the Director of Operations, or the Executive Director.

- F. The Board shall annually be provided with a list of all vendors of commodities and services whose cumulative annual purchases exceed \$10,000.
- G. The Board may request such other reports to assist in its oversight of guaranty fund purchasing.

IV. COMPETITIVE SOLICITATION GUIDELINES

The guaranty funds shall utilize a competitive solicitation process for all purchases of commodities or services equal to or greater than a purchasing category 2, unless such commodities or services are exempt from the competitive solicitation process pursuant to section IV.B.

A. Competitive Solicitation Guidelines.

The following procedures shall apply to commodities or services requiring the utilization of a competitive solicitation process:

1. Distribution of any proposed invitation to bid, invitation to negotiate, or request for proposals shall be made through posting on the guaranty fund website, through mailings to known lists of prospective vendors within the classification of commodity or service sought, or through advertising through appropriate print medium, or any combination thereof. Staff shall utilize discretion as reasonably required, to reach an adequate audience of prospective vendors for each competitive solicitation process.
2. All vendor awards for purchases of commodities and services for amounts staff reasonably anticipate will be equal to or greater than a purchasing category 2 shall be approved by the Board in advance of granting the award to the selected vendor. Items specifically enumerated in the annual budget approved by the Board shall constitute prior Board approval under this provision.
3. For purchases of commodities or services below purchasing category 3, the Executive Director may delegate to an individual staff member, or group of staff members, the duty to conduct the solicitation, review, and award process.
4. The purchase of commodities or services equal to or greater than purchasing category 3 shall require the appointment of an evaluation committee comprised of at least three staff or others as directed by the Executive Director.

5. All copies of request for proposal, invitation to bid or invitation to negotiate documents shall be provided to the Board members prior to issuance, and staff may issue such documents without seeking prior Board approval.
6. For emergency purchases, the staff shall provide a brief written report to the Board via email immediately after the purchase, which informs the Board of the purchase, the type of services or commodities purchased, and the amount or estimated amount of costs associated with the emergency purchase. If the guaranty fund has an ongoing need for the service or commodity purchased on an emergency basis, staff shall thereafter implement a competitive solicitation process and take all reasonable steps to complete the process and issue the award to the winning vendor within 90 days. In the event the process cannot be completed within 90 days, the staff shall notify the Board of the estimated time frame for completing the competitive solicitation process, and the reasons for such delay.
7. The competitive solicitation award shall be made by the Board to the prospective vendor whose proposal is determined to be of the best benefit to the guaranty fund as determined by the established evaluation criteria. The Board may delegate vendor selection and award duties to the guaranty fund staff.
8. The Board shall annually review the list of vendors selected by staff through a competitive solicitation process of purchasing category 2 or greater, and shall review the complete list without regard to whether work or purchases are ongoing or completed prior to the annual review.
9. Copies of competitive solicitation documents and responses shall be kept in accordance with the guaranty funds' records retention policy.

B. Exemptions.

The following services and purchases shall be exempt from the competitive solicitation process:

1. Artistic Services.
2. Claims Subcontractors
3. Emergency Purchases.

4. Legal Services, including attorney, paralegal, expert witness, appraisal, umpire, or mediator services.
5. Legislative representation.
6. Services or commodities provided by governmental agencies.
7. Sole Source Purchases.
8. Training and education services provided to injured employees pursuant to s. 440.491(6).

V. CONTRACT REVIEW AND APPROVAL

To assure Board involvement and transparency in the contracting process, the guaranty funds shall adhere to the contract review and approval procedures set forth in this section.

- A. Contracts for the following commodities or services shall be approved by the Board prior to execution:
 1. Special purpose entities issuing bonds, bond counsel, financial advisors, trust companies and investment banks involved with the issuance or potential issuance of bonds to finance the payment of claims.
 2. General counsel, auditing firm, or any other general consultant.
 3. Guaranty fund management contract or a contract with a servicing firm as that term is defined in the Plan of Operation and Florida Statutes.
 4. Banks, investment companies, or fund managers that maintain funds of the guaranty fund, or that lend funds to the guaranty fund.
 5. Consultants or employee employment contracts.
 6. Any vendor engaged for an amount equal to or exceeding purchasing category 3, which is not specifically listed in Section V. B, C or D.

The Board may affirmatively vote in advance to delegate review and final execution of one or more of these classes of contracts to the Executive Director, with review by the General Counsel.

- B. The Board shall approve standard contracts or agreements for use with the following vendor categories, but shall not be required to approve the actual individual contracts issued to vendors prior to execution:
 - 1. Claims related insurance defense attorneys.
 - 2. Claims related third party administrators and catastrophe field adjusters.
- C. The Board shall not be required to approve the following contracts or agreements in advance of execution, but shall review such executed contracts or contract summaries at its annual meeting:
 - 1. Any contract which is entered into by guaranty fund staff, but which has not been pre-approved in accordance with sections V. B. The review will be for all such contracts that were in force for any period of time during the prior year.
 - 2. Insurance policies. The Board may elect to review a summary of all insurance coverages in lieu of reviewing the actual policy documents.
 - 3. Fidelity bonds supporting appeals.
- D. The Board shall not be required to review or approve the following classes of contracts or agreements for commodities or services:
 - 1. Claims subcontractors.
 - 2. Contracts issued in the ordinary course of business.
- E. Staff shall enter into written contracts for services or commodities as is acceptable and customary for the type of commodity or service being purchased. No contract or agreement shall be required for the purchase of a commodity or service where in the judgment of the Executive Director the generally accepted practice throughout commerce is to purchase such commodities or services through a less formal means, such as a purchase order or invoice method.

VI. CONFLICT OF INTEREST AND ETHICS POLICY

All employees and vendors of the guaranty fund shall comply with the guaranty funds' conflict of interest and ethics policy as approved by the Board. Vendors providing commodities and services not in the ordinary course of business, or greater than \$25,000 must execute a Purchasing Conflict of Interest Disclosure Form.

- Conflict of Interest Policy
-



Florida Insurance Guaranty Association, Inc.

Conflict of Interest and Ethics Policy

Board of Directors

Introduction

This Conflict of Interest and Ethics Policy was developed by the Finance and Audit Committee of the Florida Insurance Guaranty Association, Inc. (“FIGA” or “Organization”) and approved by the Board of Directors to provide guidance for all Board Members of the Florida Insurance Guaranty Association. All Board Members are expected to maintain high ethical standards of conduct and to comply fully with applicable laws and governmental regulations. Each Board Member should read this document carefully with a commitment to uphold these standards. All Board Members will receive or be provided with a copy of this Policy and should read, understand and comply with it.

Day-to-day observance of this Policy will create a professional, healthy working environment consistent with the Boards’ core values, and further project a positive image of FIGA to consumers, suppliers and the public at large. Attachment A to this Policy will provide a listing of contact names and numbers referenced in the Policy. Changes to the contact information will be updated regularly and such changes to the contact list will not be considered a change requiring Committee action.

Appointments to the Board are made by the Department of Financial Services after election by the members and Directors must be employed by member insurers. Due to the unique structure and relationship between Directors and Members, it is not a conflict of interest for a Director to be employed by a Member. However, when acting on behalf of the Organization, a Director must make decisions in favor of what is believed to be in the best interest of the Organization and not other interests they represent.

Interpretation

Reference herein to “organization” means the Florida Insurance Guaranty Association, Inc.; “Employees” means all employees of American Guaranty Fund Group, Inc. (“AGFG”) performing services on behalf of FIGA, including without limitation the Executive Director. For purposes of this Policy, “vendor” means any entity or person doing business or desiring to do business with FIGA; however, “vendor” shall not include American Guaranty Fund Group or the National Conference of Insurance Guaranty Funds or its related entities. The Board of Directors is responsible for setting the standards of business conduct contained in this Policy and updating these standards as they deem appropriate to reflect changes in the legal and regulatory framework, the business practices within the industry, the organization’s own business practices and the prevailing ethical standards of the communities. Questions concerning specific application of this Policy should be referred to the Executive Director.

While this Policy addresses major areas of concern, it cannot cover every situation which may arise. Board Members are expected to exercise their own best judgment and discretion within the parameters of this Policy, adhering to the high standards to which the organization is committed.

Reporting Violations and Ensuring Compliance

Except as otherwise explicitly provided in this Policy, if any Board Member believes that this Policy has been violated or that any member of the organization has or is about to violate a law or regulation, or a Board Member believes that he or she is being asked to violate this Policy or a law or regulation in the performance of duties, the matter should be promptly reported to the Executive Director. If for any reason the Board Member is uncomfortable reporting such matter to the Board Chair or the Executive Director, then the matter should be promptly reported to the Chairman of the AGFG Board of Directors or the Chairman of the FIGA Finance and Audit Committee, who will respond as promptly and discreetly as practicable with an appropriate investigation.

Board Members may also report violations or suspected violations to “Ethicspoint”, an anonymous, toll-free service engaged for this purpose. Calls are received 24 hours a day, 7 days a week by an independent organization and Board Members are not required to give their names. Each Board Member will be provided with reporting instructions during orientation.

Every Board Member shall cooperate in assuring that any violation of this Policy is brought to the attention of the appropriate person. The organization will take appropriate steps to maintain the confidentiality of the reporting Board Member’s identity, to the extent that it can do so consistent with applicable law and the organization’s obligations to investigate and remedy the matter and, if appropriate, to report the matter to government officials

The Finance and Audit Committee of FIGA’s Board of Directors (the “Committee”) is responsible for overseeing the interpretation and enforcement of this Policy. Subject to their ultimate authority: (i) the Executive Director will be responsible for monitoring the enforcement of this Policy as it pertains to employees at their location and (ii) the Committee will be responsible for monitoring (a) enforcement of the Policy and these procedures as they pertain to Board Members and the Executive Director, and (b) the steps taken by the Executive Director with respect to the enforcement of this Policy. If any questions regarding possible breaches or violations of this Policy are not resolvable by the Committee, such questions shall be referred to the Board’s General Counsel for legal guidance in resolving the possible breach or violation.

Upon request by the Board of Directors or promptly after an issue is raised that might constitute a breach, the Executive Director or the Board’s General Counsel will report to the Committee concerning compliance with this Policy and any breaches or violations or

other ethical issues which may have occurred or been presented. The Committee shall consider all issues brought before it. In instances where breaches or violations of this Policy or other ethical issues may have been identified, the Executive Director or the Board's General Counsel may make such recommendation as may be appropriate to prevent a recurrence. The ultimate decision with respect to any such action will be made by the Committee. The Committee will provide a full report to the Board.

A Board Member found to have violated this Policy will be subject to appropriate disciplinary action, ranging from warnings to possible removal from the Board.

Compliance with Laws and Regulations Generally

All organization business will be conducted in compliance in all material respects with applicable laws and regulations. Any illegal action will be dealt with swiftly and violations will be reported to the proper authorities. Failure to comply violates this Policy and may expose the organization and Board Members to criminal or civil prosecution. If a Board Member has any questions on specific laws, regulations or other legal issues, he or she should contact the Executive Director or the Board's General Counsel.

Fair Dealings with Others

Each Board Member should endeavor to deal fairly with all members, suppliers, external advisers and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair practice. Directors may not give, offer, or promise, directly or indirectly, anything of value to any supplier or vendor in connection with any transaction or business that the organization may have with that supplier or vendor. Directors may not accept gifts, or any special discounts or loans from any person, vendor, or firm doing, or seeking to do, business with the organization.

Corporate Opportunities and Conflicts of Interest

Board Members owe the organization a duty to advance the interests of the organization. Although Board Members are free to participate in outside activities, it is important that any activity that is (or could appear to be) a conflict between their own personal or business interests and the organization's best interests should be reported to the Committee. Board Members will be asked to sign a Conflict of Interest Statement upon appointment and periodically thereafter. Actual or potentially conflicting interests (including but not limited to any material transaction or relationship that reasonably could be expected to give rise to a conflicting interest) must be reported to the Executive

Director or the Committee. A copy of the organization's vendors will be provided annually for review. Directors are prohibited from using confidential information for their own benefit, business benefit or for the benefit of their immediate family. In addition, Directors may not disclose confidential information to anyone, either inside or outside the organization, who does not have a legitimate business need.

Political Contributions

While the organization encourages individual participation by Board Members through exercising their right to vote, no Board Member should create the impression of speaking or acting on the organization's behalf in the political process without specific authorization. It is up to each Board Member to abide by all laws relating to political contributions, and to make such contributions as individuals or businesses, not as representatives of the organization. Board Members cannot contribute any of the organization's money, property, time, or services (directly or indirectly) to any political candidate or political party.

Lobbying and Legislative Contacts

There may be instances where a Board Member's collective experience may be helpful to the political and legislative processes. In those cases, the Board Member may consult with the organization's General Counsel to publicly offer recommendations about laws or governmental actions and take public positions on issues that affect the organization's business.

Under some circumstances, a written or personal contact with a government official may subject the person making the contact or the organization to registration and reporting requirements under applicable lobbying laws. A Board Member intending to contact a government official, on behalf of the organization, regarding a law, regulation or rule affecting the organization should clear such activity in advance with the Executive Director and the Board's General Counsel for determination whether such conduct would require registration or reporting under applicable lobbying laws.

Improper Gifts and Payments

Board Members must never make improper gifts or payments, such as bribes or kickbacks, in any way in connection with the organization's business. Gifts or payments to or for the personal benefit of a governmental official or to or for the personal benefit of an employee of one of the organization's members or suppliers are clearly improper.

I acknowledge that I have read and understand the foregoing Conflict of Interest and Ethics Policy and reviewed the current vendor listing. I certify that I will comply with its terms and conditions and to the best of my knowledge do not have any conflicts. Further, I agree that I will make the appropriate disclosures immediately if I become aware of a conflict subsequent to signing this statement.

Dated: _____

(Signature)

(Print Name)

Attachment A

Executive Director:

Bob Ricker

bricker@agfgroup.org

(850)386-9200

Ethicspoint:

1-844-962-1233

For FIGA:

Board Chairman:

Kimberly Blackburn

Kimberly.blackburn@ffbic.com

(352) 374-1525

Chairman of Finance & Audit Committee:

Brent Brummer

bbrummer@floridafamily.com

(904) 312-5529

Board General Counsel:

Tim Meenan

tim@meenanolawfirm.com

(850) 425-4000

- 2024 Annual Report

2024 OVERVIEW

Guaranty Fund legislation was enacted in Florida in 1970 to ensure that insurance contracts would be honored, even when an insurance company fails. The Florida Insurance Guaranty Association ("FIGA" or "Association") serves as the insurance safety net for policyholders and claimants. For over five decades FIGA is still protecting Florida policyholders following an insurance company failure, and continues to work to strengthen that safety net.

Insurance insolvencies are unpredictable. FIGA is notified when there is a court filing for a liquidation order against an insolvent insurance company impacting Florida policyholders. There is no way of knowing when the next insurance insolvency may occur. FIGA started the year with 7,517 open claims, received 2,373 new claims, and closed 6,454 claims, ending the year with 3,436 open claims. In 2024, there were three [3] insurance companies liquidated across the United States, none impacting FIGA.

Every liquidation has unique challenges, but working together with the domiciliary state liquidation offices with coordination from the National Conference of Insurance Guaranty Funds minimizes disruptions to policyholders and claimants. Our efforts have focused on making sure Florida claimants and policyholders have the information they need about the liquidation process and that claims are paid timely and accurately.

United Property & Casualty Insurance Company, liquidated in 2023, continued to have a major impact on FIGA throughout 2024. On the date of liquidation, United P&C had 146,260 policyholders in six [6] states, and 18,836 open claims in eleven states. Florida represented the bulk of the exposure with 53,721 policies and 15,140 open claims. The

total number of claims grew from 15,140 on the date of liquidation, to 24,875 as of December 31, 2024, with total incurred losses of \$720 million. In 2024 alone, FIGA received 1,384 new United P&C claims that increased incurred losses by \$263.7 million. FIGA reported 1,944 open United P&C claims with reserves of \$75 million as of December 31, 2024.

In addition to United P&C, FIGA continued to resolve claims from the unprecedented six [6] insolvencies that occurred in 2022. 2022 insolvency claims increased by 964, from 21,479 in 2023 to 22,443 in 2024 with an accompanying \$87.5 million increase in incurred losses. The total number of claims for the seven [7] 2022 and 2023 liquidations were 47,318 with \$1.6 billion in incurred losses.

FIGA's total liability for the seven [7] 2022-2023 insolvencies exceeded \$1.6 billion, funded by \$321.1 million in assessment proceeds, \$427.7 million in distributions from new and existing estates and \$27.4 million in investment income. FIGA obtained \$600 million in bond financing in 2023. No addition funding was needed in 2024.

For assessment purposes, FIGA is divided into two separate accounts: The Auto Account and the All Other Account (Florida Statute 631.55). A more detailed review of the claims and liabilities by Account is provided below:

Auto Claims Account

FIGA is resolving outstanding auto claims for two Windhaven insurance companies liquidated in 2020. The Auto Account started the year with 51 open claims, received 3 new claims, closed 23, and ended the year with 31 claims pending. The Auto Account had a total liability of \$389 thousand at year-end.

OVERVIEW + HISTORY

All Other Claims Account

The All Other Account had no 2024 insolvencies, however, the seven (7) 2022-2023 insolvencies continued to have a major financial impact on FIGA. There were 7,466 pending claims in the all other account (except auto) at the beginning of the year, 2,370 new claims were received and 6,431 were closed, resulting in 3,405 pending claims at the end of the year. All Other Claims Account liabilities at year- end total \$145.7 million.

Over the next several pages, we have provided a summary of the information needed to understand why the guaranty fund was created, how it operates, and its financial status. Additional information can be found on our website: www.figafacts.com and the Florida Division of Rehabilitation and Liquidation's website: ww.myfloridacfo.com/division/receiver/ as well as in the Florida Statutes beginning at 631.50.

WHAT IS A GUARANTY ASSOCIATION?

Insurance guaranty associations provide protection to insurance policyholders and beneficiaries of policies issued by an insurance company that has become insolvent and is no longer able to meet its obligations. All states, the District of Columbia, and Puerto Rico have insurance guaranty associations.

If an insurance company has insufficient funds to cover all of its obligations, state regulators will ask the state court to issue an order of liquidation appointing a receiver to identify creditors, collect and distribute available assets in accordance with statutory priorities and then close the receivership. The state guaranty associations are responsible for paying the policyholder claims and reporting those payments to the Receiver.

Guaranty associations ease the burden on policyholders and claimants of the insolvent insurer by immediately stepping in to assume responsibility for most policy claims following liquidation. The coverage guaranty associations provide is fixed by the policy or state law; they do not offer a replacement policy. If there were no insurance guaranty associations, policyholders and claimants would have to wait until the receivership closed before obtaining any compensation from their former insurance carrier.

The FIGA is not responsible for all of the liabilities of an insolvent insurer. Florida Statutes govern the obligations including up to [\\$300,000](#) in coverage for most insurance lines, with an additional [\\$200,000](#) for damages to structure and contents on residential homeowners' claims [FS 631.57(2)]. Condominium association claims are limited to the lesser of policy limits or [\\$200,000 times the number of residential units](#) [FS 631.57(3a)]. While this may not totally replace the insurance policy issued by the insolvent carrier, it does serve to mitigate the insurance consumer's losses.

Liabilities arising out of contracts for services between the insolvent company and a vendor pre-liquidation are handled by the Receiver and are not the responsibility of FIGA. The FIGA is also not liable for any penalties or interest [FS 631.57(4)].

The Merriam-Webster dictionary defines "safety net" as "something that helps someone who is in a difficult situation." The Florida Insurance Guaranty Association continues to strive to do just that - help policyholders and claimants by stepping in to pay claims and return unearned premiums when their insurance company has become insolvent.





PURPOSE

“To implement Florida Statute section 631.51 and to provide a mechanism for the payment of covered claims, to avoid excessive delay in payment and to avoid financial loss to claimants in the event of the insolvency of a member insurer.”

HISTORY & BACKGROUND OF FIGA

Florida Insurance Guaranty Association is an insurance guaranty fund created by Florida Statute 631.55 in 1970, to provide a mechanism for the payment of covered claims of insolvent property and casualty insurance companies in Florida. FIGA covers multiple lines written by licensed property and casualty carriers in the State of Florida. FIGA covered workers' compensation insurance prior to the creation of the Florida Workers' Compensation Insurance Guaranty Association in 1997. All property and casualty insurers defined in Florida Statute 631.52 are automatically members of FIGA as a condition of their authority to offer covered lines of insurance.

This consumer safety net is governed by *Part II of Chapter 631*, Florida Statutes, as well as a Plan of Operation established by its Board of Directors. The Board of Directors is comprised of not less than five or more than nine members who are elected by the member insurers. Elected board members are approved by the Chief Financial Officer who evaluates whether all areas of insurance are fairly represented and that the individuals have the requisite qualifications for service.

Assessments are levied based upon the premiums written by member companies in the state of Florida. Regular assessments are limited to 2% for the year when the assessment is levied. Emergency Assessments may only be used when the insolvency results from hurricane losses and were

increased from 2% to 4% annually during the 2020 legislative session.

The American Guaranty Fund Group (“AGFG”) functions as the management company for FIGA and the Florida Workers' Compensation Insurance Guaranty Association (“FWCIGA”). Both associations were created by the legislature but provide services to different types of insurance policies: FIGA covers automobile insurance, property insurance and other liability lines of insurance (see Florida Statute 631.52); FWCIGA covers workers' compensation and employer's liability insurance. AGFG is the employer of all guaranty association staff and costs are allocated to both associations, resulting in cost savings for each organization and consistency in processes for Florida consumers. While the employees are shared, each organization retains its individual statutorily authorized Board of Directors. Additional information about American Guaranty Fund Group can be found on its website: www.agfgroup.org.

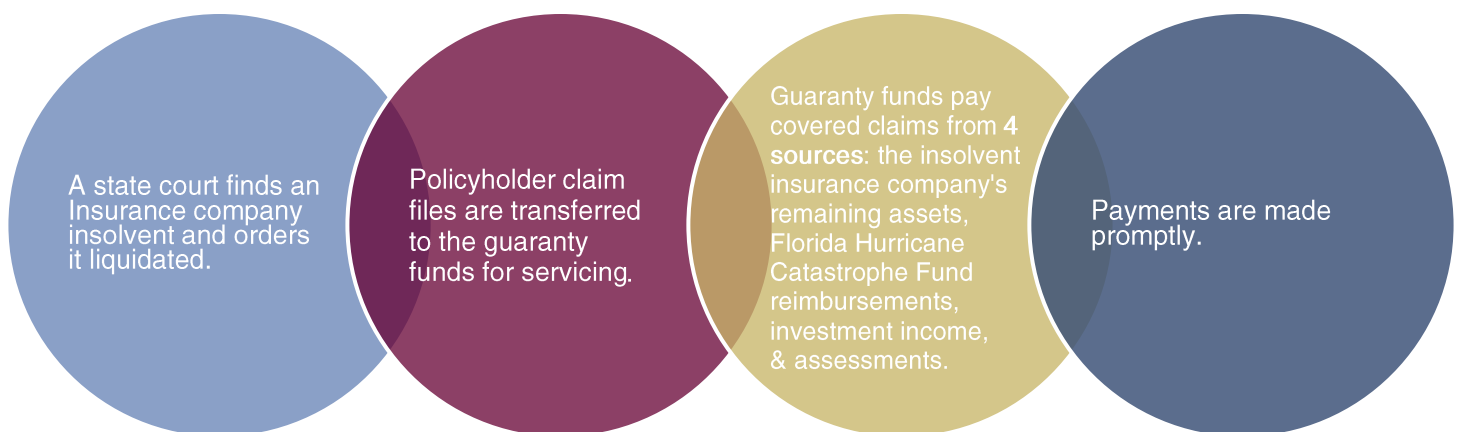


THE LIQUIDATION PROCESS

There is no “typical” insurance insolvency, but in general the liquidation process proceeds as follows:

- The Receiver (in Florida this is the Florida Department of Financial Services, Division of Rehabilitation and Liquidation) gathers claim file data and makes other logistical preparations, including filing a petition in the state court for a determination of insolvency.
- The state court issues an Order of Liquidation and specifically appoints a Receiver and details the actions and authority allowed of the Receiver.
- The Order of Liquidation will provide a date for which all insurance policies will be cancelled.
- The Receiver transfers claim files and/or claim data to the individual state guaranty associations. These claims are typically transferred to the state where the claimant resides, or where the property is located, at the date of the insurance claim.
- The guaranty association staff begins to adjust and pay claims.
- The Receiver identifies creditors and collects the company's assets.
- The Receiver may distribute, on an interim basis, funds to the guaranty associations to assist them in paying the claims. They can make partial distributions to other creditors with the approval of the court and following the state statute for the priority of distributions (FS 631.271).
- After all assets are collected, a final distribution is made to the guaranty associations and other claimants before the estate is closed.

GUARANTY FUNDS AT WORK





THE STATE BASED GUARANTY SYSTEM

Individual state guaranty funds were created to respond quickly to the concerns of policyholders when an insolvency occurs. Each state guaranty association has differences in their state laws. They can explain coverage benefits, the claim submission and payment process, and understand how to adjudicate claims promptly and efficiently for their state. Through membership in the National Conference of Insurance Guaranty Funds (“NCIGF”), the state-based insurance guaranty system is able to enjoy the operational efficiencies of a national system while effectively responding to the often-local concerns of insurance consumers experiencing the stresses associated with the failure of their insurance company.

FIGA monitors insurers that are in “run-off” phases under various regulatory controls in several jurisdictions. Participation in NCIGF has facilitated the oversight process for troubled companies. Collaborating with regulators and receivers is critical in preparing guaranty associations for their responsibilities in the event the companies are placed into liquidation. FIGA has a close working relationship with the Florida Office of Insurance Regulation (“OIR”) as well as the Florida Division of Rehabilitation and Liquidation. Maintaining open communication between guaranty associations and the regulatory community is key to the overall success and efficient operation of the guaranty association system nationwide.

NATIONAL CONFERENCE OF INSURANCE GUARANTY FUNDS

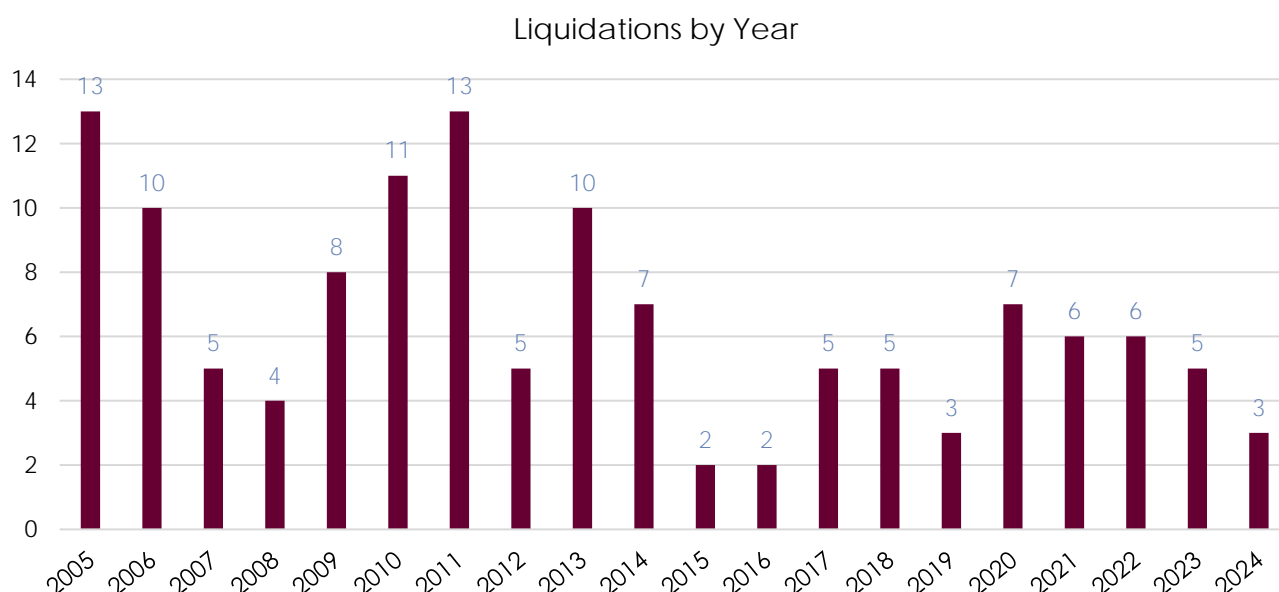
NCIGF is a not-for-profit organization whose members are the individual state guaranty fund associations. The NCIGF does not pay claims, but rather coordinates the multi-state claims-paying activities, monitors litigation that may affect multiple guaranty associations, and coordinates on legislative matters. In addition, they provide education and training seminars for guaranty funds and a national forum for discussion on matters impacting guaranty associations. They also serve as a liaison with the National Association of Insurance Commissioners, coordinating resources through the NCIGF to minimize costs and reduce the length of time it takes to respond to a multi-state insolvency.

Information about the individual state guaranty associations can be found on the NCIGF website: www.ncigf.org. This information includes links to state liquidation statutes, a composite picture of current assessment actions, statistics on insolvency activity, as well as educational and training materials. FIGA is an active member of the NCIGF.

NEW INSOLVENCIES + DISCHARGED ESTATES

2024 LIQUIDATIONS

Across the country there were [three](#) [3] liquidations during 2024 that impacted property and casualty guaranty funds: Wisconsin Reinsurance Corporation, 1st Auto and Casualty Insurance Company, and Go Insurance Company. All the new insolvencies were domiciled outside the state of Florida and none affected FIGA. Below is a chart providing the total number of liquidations by year from 2005 through 2024.



UNITED PROPERTY & CASUALTY INSURANCE COMPANY

United Property & Casualty Insurance Company ["United P&C"] was liquidated on February 27, 2023, by the Circuit Court in Leon County, Florida. As of the date of liquidation, United P&C had 146,260 policies in-force in six states, including 53,721 in Florida. United P&C had 18,536 open claims in eleven states reserved at \$414 million at the date of liquidation. Florida represented the bulk of the exposures with 15,140 claims reserved at \$359 million. As of December 31, 2024, total claims reported grew to 24,875 with \$720 million in incurred losses and returned premium combined. FIGA filed its proof of claim in the estate on June 21, 2023, in advance of the Florida Court's February 27, 2024 deadline.

DISCHARGED ESTATES

During 2024, no estates were discharged impacting FIGA.

FUNDING SOURCES

GUARANTY ASSOCIATION FUNDING SOURCES

Funding for FIGA comes primarily from three sources: distributions obtained from estates of insolvent insurers, investment income, and assessments levied on member insurers. Estate distributions are an essential funding source for the Association; the greater the level and frequency of distributions from receiverships, the smaller the need to assess member companies.

ASSESSMENTS

Assessments are levied based upon the premiums written by member companies in the state of Florida. Regular Assessments are limited to 2% annually although an Emergency Assessment for an additional 4% may be used when the insolvency results from hurricane losses. Prior to 2015, insurance companies paid the assessment to FIGA and added a surcharge to each policy issued until they recouped the payment made to FIGA. In 2015 the Florida Legislature amended the assessment statute for FIGA to provide additional flexibility in its assessment process (FS 631.57). The legislation retained FIGA's ability to obtain funds quickly, but also introduced an option for insurers to remit assessments as they are collected (pass-through) over a 12-month policy term. In 2022, the Florida Legislature amended the assessment statute to provide member insurers the option to elect to not recoup the assessment from policy holders. Additional information about the change to the assessment process is available at www.figafacts.com.

2021 .70% Assessment

The FIGA Board of Directors certified the need for an assessment on its members at its August 26, 2021 meeting. The Florida OIR approved FIGA's

certification through an Order dated October 11, 2021. The pass-through assessment levied was necessary to secure funds for the payment of covered claims related to new insolvencies impacting FIGA's All Other account and provided an additional \$2 million funding during 2024. Insurance companies were required to collect and remit to FIGA an equivalent surcharge on new and renewal policies with effective dates beginning January 1, 2022 through December 31, 2022.

2022A 1.3% Assessment

The FIGA Board of Directors certified the need for an assessment on its members at its March 8, 2022 meeting. The assessment was necessary to secure funds for the payment of covered claims related to the liquidation of St. Johns Insurance Company. The Florida OIR later approved FIGA's certification through an Order dated March 11, 2022. The pass-through assessment levied was necessary to secure funds for the payment of covered claims related to new insolvencies impacting FIGA's All Other account and provided an additional \$5 million funding during 2024. Insurance companies were required to collect and remit to FIGA an equivalent surcharge on new and renewal policies with effective dates beginning June 30, 2022 through July 1, 2023.

2022B .70% Assessment

The FIGA Board of Directors certified the need for an assessment on its members at its August 19, 2022 meeting. FIGA's second assessment in 2022 was necessary to secure funds for the payment of covered claims related to the liquidation of Southern Fidelity Insurance Company and Weston Property and Casualty Insurance Company. The Florida OIR later approved FIGA's certification through an Order dated August 26, 2022. The pass-through assessment levied was necessary to secure funds for the payment of covered claims

related to new insolvencies impacting FIGA's [All Other account](#) and provided an additional [\\$39.5 million](#) funding during 2024. Insurance companies were required to collect and remit to FIGA an equivalent surcharge on new and renewal policies with effective dates beginning [January 1, 2023](#) through [December 31, 2023](#)

2023A 1.0% Emergency Assessment

The FIGA Board of Directors certified the need for an assessment on its members at its March 31, 2023 meeting. The Florida OIR approved FIGA's certification through an Order dated April 10, 2023. The pass-through assessment levied was necessary to secure funds for the payment of covered claims related to the United P&C insolvency impacting FIGA's [All Other account](#). FIGA issued [\\$600 million](#) in bonds in order to immediately fund claims and returned premiums. Insurance companies were required to collect and remit to FIGA an equivalent surcharge on new and renewal policies with effective dates beginning [October 1, 2023](#) through [September 30, 2024](#) and continuing until the bonds are paid off.

Year(s)	Assessment Rate by Account	
	AUTO	ALL OTHER
2024	No Assessments levied	
2023	None	1.0% Emergency
2022	None	2.0% [1.3% 2022A + 0.7% 2022B]
2021	None	.70%
2013 - 2020	No Assessments levied	
2012	None	.90%
2011 - 2010	No Assessments levied	

Loans / Bonds

FIGA obtained financing secured by assessment revenue to pay the claims of insolvent insurers. In April 2022, FIGA obtained a loan in the amount of [\\$250 million](#), which was secured by the [2022A assessment](#). This loan balance was repaid in December 2023. FIGA obtained another loan in August 2022 in the amount of [\\$150 million](#), which was secured by the [2022B assessment](#). \$135 million of this loan balance was repaid in 2023 and the remaining \$15 million was repaid March 1, 2024. In July 2023, FIGA issued bonds in the amount of [\\$600 million](#), which was secured by the [2023A assessment](#). As of December 31, 2024, FIGA had bonds outstanding in the amount of [\\$540 million](#).



ESTATE DISTRIBUTIONS

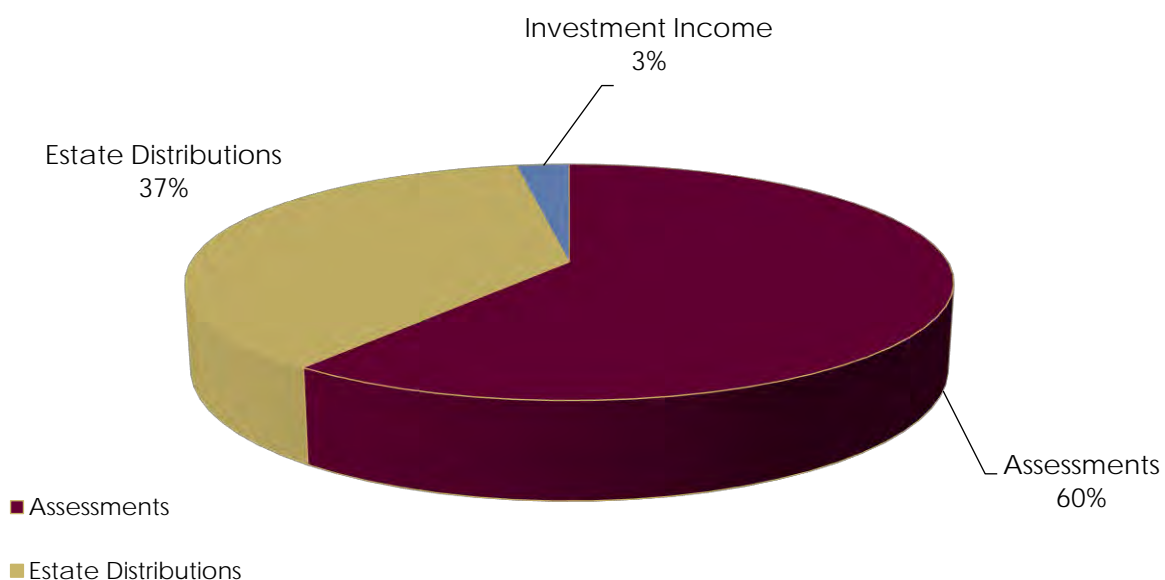
Receivers periodically review the assets and liabilities of each insolvent entity. If there are available funds to make partial distributions to creditors, the Receiver petitions the state court for approval. During 2024, FIGA received over \$427 million in estate distributions from 17 insolvencies. Estate distributions include \$262 million received directly from the Florida Hurricane Catastrophe Fund for hurricane claims incurred by the insolvent companies.

Prior to the 2021, 2022 and 2023 assessments, the majority of funding has come from estate distributions. The table below illustrates the funding sources (estate distributions, assessment, and investment income).

Funding Type	2024	2023	2022	2021	2020	5-YR Total	5-yr %
Assessments	\$321,087,884	\$332,437,238	\$490,000,000	\$168,000,000	-	\$1,311,525,122	60%
Estate Distributions	\$427,722,841	\$126,865,040	\$154,300,623	\$69,895,786	\$25,365,306	\$804,149,597	37%
Investment Income	\$27,396,332	\$18,981,359	\$1,766,808	\$3,605,503	\$5,153,255	\$56,903,257	3%
TOTALS:	\$776,207,057	\$478,283,637	\$646,067,431	\$241,501,289	\$30,518,561	\$2,172,577,976	100%

Since 2020, 60% of the FIGA funding has come from assessments, 37% from estate distributions, and 3% from investment income. For 2024, the funding sources were 55% estate distributions, 41% from assessments and 4% investment income.

2020-2024 Funding Sources



CLAIMS ACTIVITY

At the beginning of 2024, the Association had 7,517 open claims. During the year, 2,373 new claims were transferred to FIGA. A total of 6,454 claims were closed during the year resulting in an open claim count of 3,436 at year end. Outstanding reserves for those claims was estimated at \$146 million.

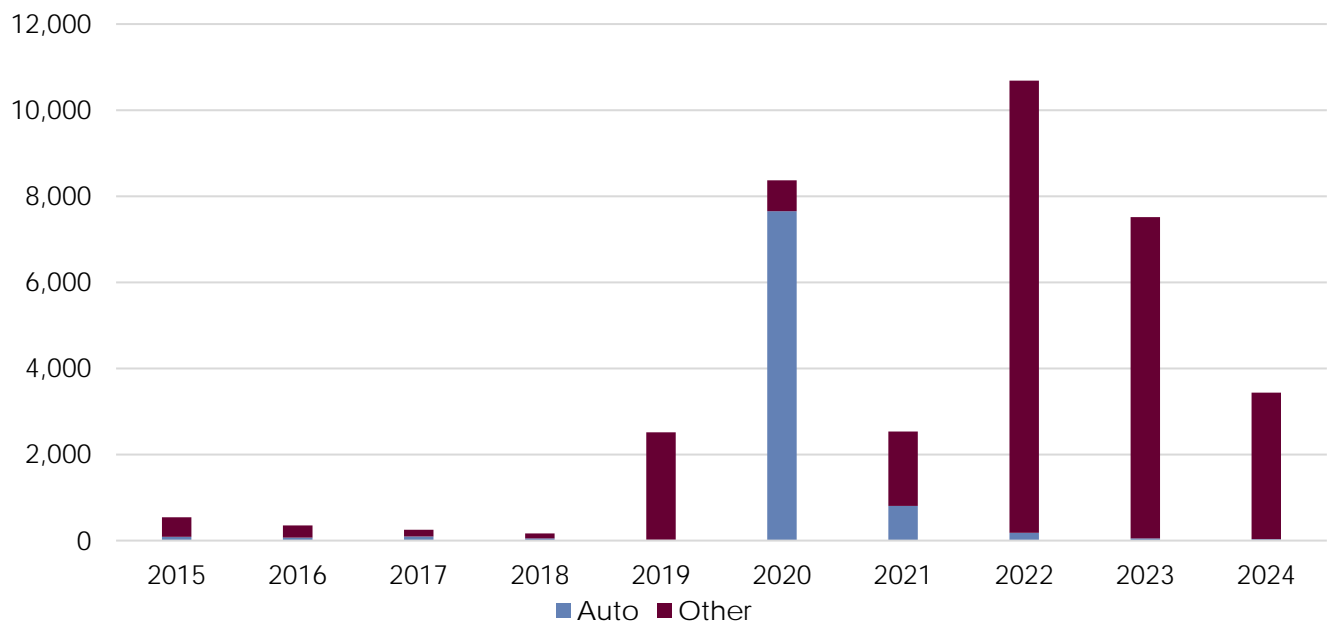
The total net paid on claims for 2024 was \$510.4 million compared to \$745.2 million in 2023. Loss payments totaled \$498.2 million, claim handling fee payments totaled \$11.3 million, and returned premium payments were \$0.9 million.

FIGA will make return or “unearned” premium payments for covered lines of business after the Florida Receiver completes its processing of the policy records and sends the unearned premium records to FIGA. Policyholders will be refunded only for the portion of unearned premium collected by the insolvent company. This may take several weeks or several months depending on the condition of the data at the insolvent insurance company. Payments were made on sixteen (16) different insolvent estates during the year.

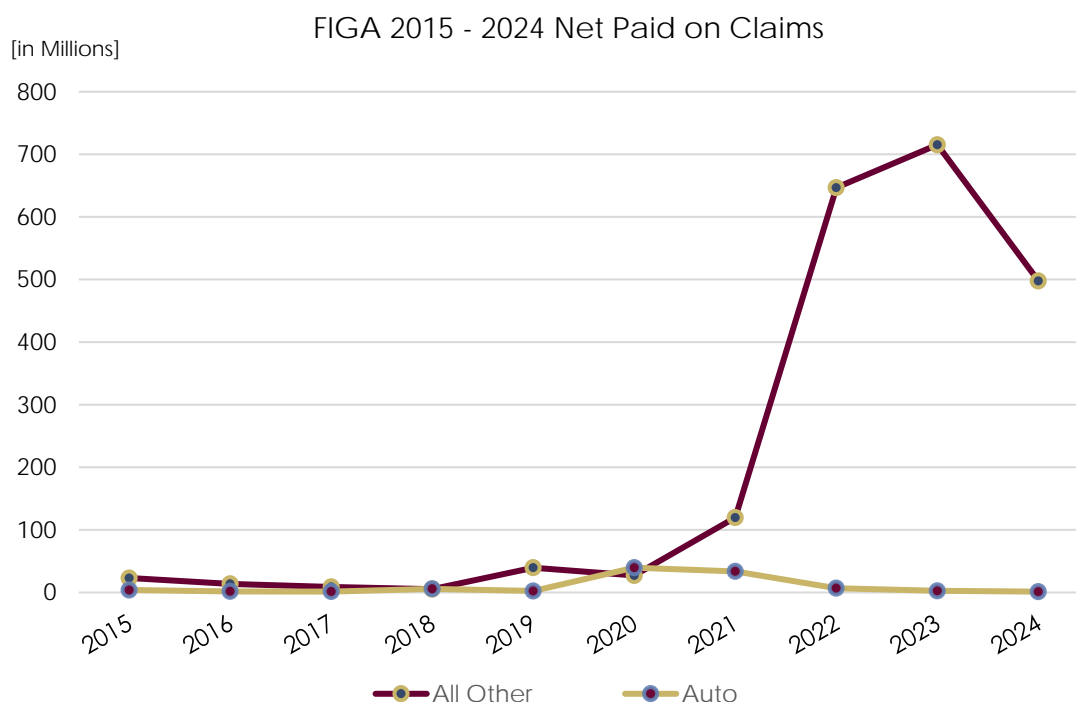
While there were no new insolvencies impacting FIGA in 2024, the 2022-23 insolvencies of United P&C, St. Johns Insurance Company [“St. Johns”], Avatar Property and Casualty Insurance Company [“Avatar”], Lighthouse Property Insurance Corporation [“Lighthouse”], Southern Fidelity Insurance Company [“SFIC”], Weston Property and Casualty Insurance Company [“Weston”], and FedNat Insurance Company [“FedNat”] continued to have a major impact on FIGA throughout 2024.

As previously noted, the total number of claims from the seven [7] 2022-23 insolvencies increased by 2,348, and total incurred losses increased by \$351.2 million in 2024. United P&C, liquidated February 27, 2023, reported the largest change with an increase of 1,348 claims and \$263.7 million in total incurred losses. FedNat, St. John's, Southern Fidelity, Avatar, Weston, and Lighthouse experienced increases in total incurred losses of \$15.4 million, \$21.4 million, \$26.4 million, \$17.1 million, \$3.7 million, and \$3.4 million, respectively.

FIGA 2015 - 2024 Open Claims



CLAIMS ACTIVITY



FIGA made an extraordinary effort to resolve claims during 2024, closing 6,454 claims. FIGA utilized its technology resources to actively monitor claim activity and track progress and productivity. FIGA engaged internal and external adjusting resources to aggressively manage, adjudicate and close a very large volume of claims.

FINANCIAL INFORMATION

The FIGA Financial Statements are prepared on a modified basis of cash receipts and disbursements which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States ("GAAP"). The basis of presentation differs from GAAP because assessments receivable and accruals for loss and loss adjustment expenses are excluded, due to the difficulty in estimating those amounts until a liquidation actually occurs. The modified cash basis financial statements are used by most guaranty associations. To provide a more complete picture of the financial position of FIGA, it should be noted the Audited Financial Statements provide a footnote disclosure of the estimated claim liabilities.

As previously disclosed in this report, the outstanding claim liabilities at the end of 2024 were \$146 million. With additional funding expected from the 2021, 2022 and 2023 assessments, the current cash held by FIGA is sufficient to cover the Association's current obligations. The Association reviews its cash and outstanding liabilities at each Board meeting to determine whether an assessment may be needed to cover upcoming claims payments.



FINANCIAL INFORMATION



STATEMENTS OF FINANCIAL POSITION

Modified Cash Basis (UNAUDITED)	As of 12/31/2024	12/31/2023
ASSETS		
Cash On Deposit & Cash Equivalent	251,838,328	125,376,688
Restricted Cash & Cash Equivalents	112,392,388	168,209,222
Short Term Investments	179,193,587	21,615,944
TOTAL CASH AND SHORT-TERM INVESTMENTS	\$543,424,303	\$315,201,854
Assessment Receivable	230,997,607	291,694,531
Long Term Investments	99,942	7,780,682
Prepaid Bond Costs	1,524,997	1,935,505
Accrued Interest Income	1,151,895	190,498
Fixed Assets, Net	22,441	38,966
Building, Net	526,612	529,291
Land	310,000	310,000
Other Assets	558,685	417,251
TOTAL ASSETS	\$778,616,482	\$618,098,578
LIABILITIES AND NET ASSETS		
Bonds Payable	539,795,000	590,325,000
Premium on Bonds Payable	13,268,642	16,887,362
Accrued Interest	7,820,532	11,449,931
Assessment Loans	-	15,000,000
Accounts Payable	-	10,006
TOTAL LIABILITES	\$560,884,174	\$633,672,299
Auto Account Balance	56,553,815	53,904,132
All Other Account Balance	161,178,493	(69,477,853)
TOTAL NET ASSETS (LIABILITIES)	\$217,732,308	\$(15,573,721)
TOTAL LIABILITIES AND ACCOUNT BALANCE	\$778,616,482	\$618,098,578

STATEMENTS OF ACTIVITIES & CHANGES IN NET ASSETS

Modified Cash Basis (UNAUDITED)	For The Years Ended			
	AUTO 12/31/2024	ALL OTHER 12/31/2024	TOTAL YTD 12/31/2024	PREVIOUS YTD 12/31/2023
REVENUE				
Assessments	-	321,087,884	321,087,884	332,437,238
Estate Distributions	3,991,972	423,730,869	427,722,841	126,865,041
Interest Income, (Net)	41,572	27,354,760	27,396,332	18,981,359
TOTAL REVENUE	\$4,033,544	\$772,173,513	\$776,207,057	\$478,283,638
EXPENSES				
Claims Paid	1,330,370	496,848,545	498,178,915	692,166,646
Claims Handling Fees	23,458	11,294,496	11,317,954	27,209,152
Returned Premium	-	947,365	947,365	25,775,728
Direct Estate Expenses	1,705	72,212	73,917	191,468
Interest Expense	-	24,176,964	24,176,964	21,729,661
Bond Issuance Cost	-	391,367	391,367	351,282
General & Admin Expenses	18,862	7,473,341	7,492,203	6,057,371
TOTAL EXPENSES	\$1,374,395	\$541,204,290	\$542,578,685	\$773,481,308
Change In Net Assets	2,659,149	230,969,223	233,628,372	(295,197,670)
NET Assets - Beginning of Period	53,894,666	(69,790,730)	(15,896,064)	279,623,949
NET ASSETS - END OF PERIOD	\$56,553,815	\$161,178,493	\$217,732,308	\$(15,573,721)

BOARD OF DIRECTORS

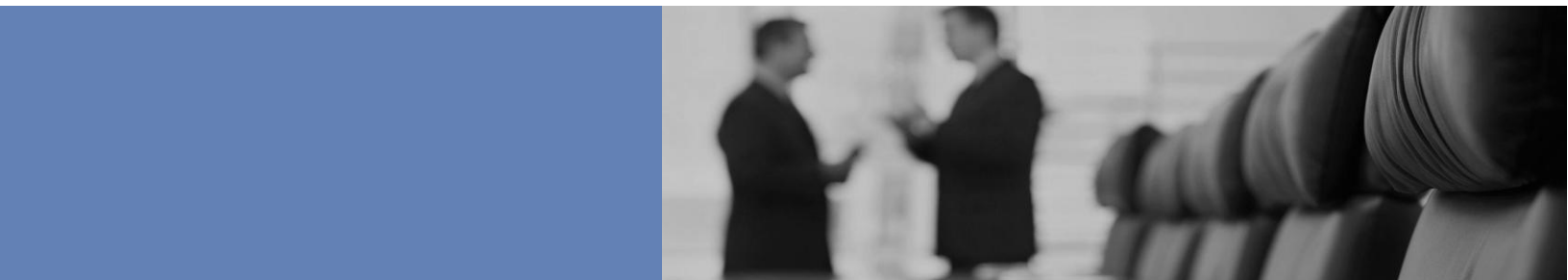
The FIGA Board of Directors is comprised of [nine \(9\)](#) members who meet at least semi-annually to discuss the operations of the Association. Board members are elected to four-year terms and may be reappointed. The Florida Chief Financial Officer approves and appoints to the Board individuals recommended by the member insurers following an election process. Florida Statute 631.56 provides additional information about the Board.

The Board's 2024 meetings, as required by the Plan of Operation (available on FIGA's website), were held on April 25, 2024, July 11, 2024, and November 19, 2024. In addition, the Board has a Finance & Audit Committee which met April 24, 2024. Participation at the meetings is always welcome. For information about upcoming meetings please call the Association (850) 386-9200 or visit the website.

At the December 18, 2024 Board meeting, the \$8.5 million general and administrative budget for 2025 was approved. This was a 19.7% increase from the 2024 budget, and reflected additional staff needed to move litigated claims in-house for better management. Administrative expenses and claim handling fees represented less than 4% of the loss and unearned premium costs of the Association for 2024.

The Audit Committee Charter requires completion of a financial audit each year. The 2024 audit commenced in November 2024 with interim field work and is expected to be completed in the first quarter of 2025. The unaudited Financial Statements as of December 31, 2024 are included in this report. Copies of the Audited Financial Statements will be available on the Association's website upon completion.





Below is a listing of the FIGA Board of Directors for the 2024 year.

FIGA OFFICERS	AFFILIATION
Kimberly Blackburn	Chairman - Florida Farm Bureau Casualty Insurance Company
Vacant	Vice Chairman
Vacant	Corporate Secretary / Treasurer

MEMBERS	AFFILIATION
Brent Brummer	Florida Family Insurance
Tom Gallagher	Peoples Trust Insurance Company
Charles Lydecker	Citizens Property Insurance Corporation
Jon Ritchie	American Integrity Insurance Group
Benjamin Treuil	Frontline Insurance
Ryan West	GEICO

FINANCE & AUDIT COMMITTEE	AFFILIATION
Jon Ritchie	American Integrity Insurance Group
Benjamin Treuil	Frontline Insurance
Brent Brummer	Florida Family Insurance

2024 LEGISLATION

Chapter 2024-140 (HB989 / SB1018) revised Section 631.59, Florida Statutes relating to Department of Financial Services powers, board contracts and purchases. The revision requires all contracts and purchases valued at or more than \$100,000 be approved by the Department. Additionally, all contracts and purchases valued at or more than \$100,000 requires competition through a formal bid solicitation process conducted by the Board.

2023 LANDMARK LEGISLATIVE REFORMS

Chapter 2023-15 (HB837 / SB236) effective March 24, 2023, repealed Section 627.428, Florida Statutes, to eliminate one way attorney's fees for all lines of insurance for causes of action initiated after its effective date. Additionally, SB 2-A amended Section 627.7152, Florida Statutes, to prohibit the assignment, in whole or in part, of any post-loss insurance benefit under any residential or commercial property insurance policy issued on or after January 1, 2023. It also eliminated Section 631.70, which provided that FIGA could be liable for attorney's fees if it denies a covered claim in whole or in part, by affirmative action, other than delay.

These significant legislative reforms have reshaped the Florida market in positive ways. New capital is being deployed in Florida, with 11 new property insurers approved to enter the market in the past 2 years. Property insurance litigation is trending downward; defense and cost containment expenses have been reduced and claims trends are showing improvement. FIGA can anticipate a direct benefit in the future from these historic reforms, once all claims it is handling are governed by the amended statutes. The elimination of one-way attorney's fees and the prohibition of the assignment of benefits under a residential or commercial property insurance policy will have a direct impact on FIGA, and the industry as a whole, by reducing frivolous lawsuits aimed at generating attorney's fees. These legislative changes should also have an indirect benefit to FIGA by reducing the significant negative financial impact the industry has experienced for several years from such frivolous lawsuits, which could potentially reduce the number of insolvencies going forward.

FIGA STATUTES

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|--------------|-------------------------------------|
| ■ 631.51 | Purposes |
| ■ 631.52 | Lines of Business Covered by FIGA |
| ■ 631.55 | Auto & All Other Insurance Accounts |
| ■ 631.56 | Board of Directors |
| ■ 631.57 [1] | Coverage Limits |
| ■ 631.57 [3] | Assessments |
| ■ 631.271 | Priority of Claims |

IMPORTANT LINKS

www.agfgroup.org
www.figafacts.com
<http://www.myfloridacfo.com/division/receiver>
www.ncigf.org

- COO Update (Verbal)
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OTHER BUSINESS, CLOSING REMARKS & ADJOURNMENT
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