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

Thomas Howell Ferguson P.A.
Certified Public Accountants

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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Thomas Howell Ferguson P.A.

Certified Public Accountants

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.

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.

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.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
April 7, 2025

Florida Insurance Guaranty Association, Inc.

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	**$ 827,340,191**	$ 617,776,231
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	**$ 827,340,191**	$ 617,776,231

See accompanying notes.

Florida Insurance Guaranty Association, Inc.

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	**825,489,450**	478,283,636
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	**542,620,010**	773,803,652
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	**$ 266,973,373**	$ (15,896,067)

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
	$ 539,896,335	$ 139,791	$ 2,583,884	$ 542,620,010

See accompanying notes.

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.

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.

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.

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.

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.

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 April 7, 2025, the date the financial statements were available to be issued. During the period from December 31, 2024 to April 7, 2025, the Association did not have any material recognizable subsequent events.

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**
	179,293,529	**179,144,940**
Less short-term investments	**179,193,587**	**179,050,316**
Investments	**$ 99,942**	**$ 94,624**

	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
	29,396,626	28,813,608
Less short-term investments	21,615,944	21,453,174
Investments	$ 7,780,682	$ 7,360,434

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	$ **179,296,529**	**$ 179,144,940**

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.

2. Investments (continued)

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	$ –

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	**$ 544,676,140**	$ 323,173,032

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
	2,180,121	2,140,330
Less accumulated depreciation	**1,321,067**	1,262,073
	$ 859,054	$ 878,257

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

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.

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.

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

	Principal	**Interest**
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
	$414,795,000	$48,403,750

Series 2023A-2

	Principal	**Interest**
2025	–	6,242,842
2026	–	6,250,000
2027	–	6,250,000
2028	–	6,257,158
Thereafter	125,000,000	24,999,999
	$125,000,000	$49,999,999

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

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.

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.

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	7,212,257	471,071,379	478,283,636
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	2,692,953	771,110,699	773,803,652
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	$ 53,894,665	$ (69,790,732)	$ (15,896,067)

See report of independent auditors.