

Financial Statements - Modified Cash Basis
and Supplementary Information

Florida Insurance Guaranty Association, Inc.

*Years ended December 31, 2025 and 2024
with Report of Independent Auditors*



Florida Insurance Guaranty Association, Inc.

Financial Statements - Modified Cash Basis
and Supplementary Information

Years ended December 31, 2025 and 2024

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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 as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets and statement 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, 2025 and 2024, and the results of its operations and revenue collected and expenses paid during the years then ended in accordance with the modified cash basis of cash receipts and disbursements as 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 Matter

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 the Association's ability to continue as a going concern within one year after the date the financial statements are available to be 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.

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

- 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 the Association'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 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 17, 2026

Florida Insurance Guaranty Association, Inc.

Statements of Financial Position - Modified Cash Basis

	December 31,	
	2025	2024
Assets		
Cash and short-term investments		
Cash and cash equivalents	\$ 627,779,137	\$ 364,230,716
Short-term investments	44,420,302	179,193,587
Total	672,199,439	543,424,303
Assessments receivables	286,000,000	280,280,000
Bond issuance cost	1,114,489	1,524,997
Accrued interest income	891,648	1,151,895
Property and equipment, net	1,264,348	859,054
Investments	41,588,837	99,942
Intercompany receivables	46,158	-
Total assets	\$1,003,104,919	\$ 827,340,191
Liabilities and net assets		
Liabilities		
Accrued interest	\$ 5,367,218	\$ 7,303,176
Bonds payable	433,679,922	553,063,642
Total liabilities	439,047,140	560,366,818
Net assets		
Without donor restrictions		
Statutorily designated for automobile liability and physical damage	66,015,274	56,555,200
Statutorily designated for other covered lines	498,042,505	210,418,173
Total net assets	564,057,779	266,973,373
Total liabilities and net assets	\$1,003,104,919	\$ 827,340,191

See accompanying notes.

Florida Insurance Guaranty Association, Inc.

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

	Years ended December 31,	
	2025	2024
Revenues		
Assessments	\$ 337,068,200	\$ 370,370,277
Investment income, net of related expenses	27,485,410	27,396,331
Estate distribution and claims recoveries	121,141,311	427,722,842
Total revenues	<u>485,694,921</u>	<u>825,489,450</u>
Expenses:		
Claims and claims adjustment expenses paid	186,674,325	539,896,335
Direct estate services	119,177	139,791
General and administrative	1,817,013	2,583,884
Total expenses	<u>188,610,515</u>	<u>542,620,010</u>
Changes in net assets	297,084,406	282,869,440
Net assets (liabilities) at beginning of year	266,973,373	(15,896,067)
Net assets at end of year	<u>\$ 564,057,779</u>	<u>\$ 266,973,373</u>

See accompanying notes.

Florida Insurance Guaranty Association, Inc.

Statement of Functional Expenses - Modified Cash Basis

Year ended December 31, 2025

	Claims and Claims Adjustment Expenses Paid	Direct Estate Services	General and Administrative	Total Expenses
Interest	\$ 19,953,702	\$ -	\$ -	\$ 19,953,702
Claims and claims adjustment expense	161,897,414	-	-	161,897,414
Salaries and benefits	1,694,491	73,555	956,216	2,724,262
Temporary labor	2,727,700	-	-	2,727,700
Premises	26,880	-	16,335	43,215
Accounting and auditing	-	-	86,611	86,611
Bank fees	-	25	38,979	39,004
Travel	-	-	3,017	3,017
Consulting	35,000	-	43,977	78,977
Dues and publications	5,390	-	190,995	196,385
Technology	262,911	-	282,593	545,504
Insurance	3,261	-	17,314	20,575
Legal and legislative fees	-	2,263	94,132	96,395
Office supplies	-	-	10,855	10,855
Postage and shipping	-	43,334	11,933	55,267
Travel and staff development	21,869	-	17,343	39,212
Taxes and licenses	-	-	18,937	18,937
Communication	45,707	-	27,776	73,483
Total expenses	\$ 186,674,325	\$ 119,177	\$ 1,817,013	\$ 188,610,515

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	-	63,036	47,866	110,902
Travel and staff development	22,591	-	18,878	41,469
Taxes and licenses	-	-	16,968	16,968
Communication	62	-	74,487	74,549
Total expenses	\$ 539,896,335	\$ 139,791	\$ 2,583,884	\$ 542,620,010

See accompanying notes.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

1. Summary of Significant Accounting Policies

Nature of Operations

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:

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

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.

Cash and Cash Equivalents

The Association considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

The Association maintains cash balances at U.S. banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 for each institution. The Association's cash balances at times exceeded federally insured limits. The Association has not experienced any losses and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Investments

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

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

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.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

1. Summary of 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, 2025 and 2024. With few exceptions, the Association is no longer subject to examinations by major tax jurisdictions for years ended December 31, 2021 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.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Assessments (continued)

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

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, \$280,280,000 for the assessment year starting October 1, 2024 through September 30, 2025 (2023A Assessment Year 2), and \$286,000,000 for the assessment year starting October 1, 2025 through September 31, 2026 (2023A Assessment Year 3). 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, 2025, the Association has collected approximately \$184,700,000 on the 0.7% assessment levied in 2021.

As of December 31, 2025, the Association has collected approximately \$582,400,000 on the 1.3% and 0.7% assessments levied in 2022.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Assessments (continued)

As of December 31, 2025, the Association has collected approximately \$328,100,000 on the 1.0% emergency assessment levied in 2023 for 2023A Year 1 and \$317,300,000 on the 1% emergency assessment levied in 2024 for 2023A Year 2, and \$0 on the 1% emergency assessment levied in 2025 for 2023A Year 3.

Assessments receivable at December 31, 2025 and 2024, are approximately \$286,000,000 and \$280,280,000, 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 Distribution 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.

Claim and Claims Adjustment Expenses Paid

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

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.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. 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's management evaluated events that occurred after December 31, 2025 through April 17, 2026, the date when the financial statements were available to be issued. During the period from December 31, 2025 to April 17, 2026, the Association did not have any material recognizable subsequent events.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

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, 2025	
	Amortized	
	Cost	Fair Value
U.S. Treasury notes	\$ 23,265,657	\$ 23,272,203
U.S. Government agency obligations	21,708,746	21,711,475
Corporate bonds	41,034,736	41,038,484
	86,009,139	86,022,162
Less short-term investments	44,420,302	44,422,680
Investments	\$ 41,588,837	\$ 41,599,482

	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

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

2. Investments (continued)

A summary of the amortized cost and fair value of the Association's fixed-maturity investments at December 31, 2025, by maturity is as follows:

	Amortized Cost	Fair Value
Due in one year or less	\$ 44,420,302	\$ 44,422,680
Due after one year through five years	41,588,837	41,599,482
Total	<u>\$ 86,009,139</u>	<u>\$ 86,022,162</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.

Investment income consists of interest income and net realized gains (losses) and is reported net of investment management expenses of \$221,049 and \$123,862 for the years ended December 31, 2025 and 2024, respectively. Net realized gains (losses) for the years ended December 31, 2025 and 2024, were \$0 and \$19, 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.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

3. Fair Value Measurements (continued)

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, 2025				
	Total	Level 1	Level 2	Level 3
U.S. Government and government agency bonds	\$ 44,983,678	\$ -	\$ 44,983,678	\$ -
Corporate bonds	41,038,484	-	41,038,484	-
Total	<u>\$ 86,022,162</u>	<u>\$ -</u>	<u>\$ 86,022,162</u>	<u>\$ -</u>
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	-
Total	<u>\$ 179,144,940</u>	<u>\$ -</u>	<u>\$ 179,144,940</u>	<u>\$ -</u>

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, 2025 and 2024.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

4. Liquidity and Availability of Resources

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 administration of insolvent insurers estates and protect the Association's interest, and administrative costs as they come due.

	2025	2024
Financial assets available:		
Cash and cash equivalents	\$ 627,779,137	\$ 364,230,716
Investments	44,420,302	179,293,529
Accrued interest income	891,648	1,151,895
Total financial assets available for statutorily designated use	<u>\$ 673,091,087</u>	<u>\$ 544,676,140</u>

5. Property and Equipment

The historical costs of the the Association's property and equipment and related accumulated depreciation balances at December 31 were as follows:

	2025	2024
Land	\$ 310,000	\$ 310,000
Computer equipment and software	1,237,615	779,563
Buildings and improvements	1,061,126	1,051,766
Furniture and fixtures	36,273	38,792
Property and equipment, gross	<u>2,645,014</u>	<u>2,180,121</u>
Less accumulated depreciation and amortization	(1,380,666)	(1,321,067)
Property and equipment, net	<u>\$ 1,264,348</u>	<u>\$ 859,054</u>

Depreciation expense related to property and equipment was \$94,000 and \$59,000 for the years ended December 31, 2025 and 2024, respectively.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

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 was secured by the 2022B assessment collections and any future assessments needed to repay the debt. The loan was fully paid as of December 31, 2024.

7. Bond 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.

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.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

7. Bond Payable (continued)

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.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

7. Bond 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 and \$6,350,000 was to be deposited in the debt service fund to pay interest. Accumulated bond premium amortization expense is approximately \$8,444,000 and \$ 4,824,000 as of December 31, 2025 and 2024, respectively. The unamortized portion of the bond premium of approximately \$9,649,000 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 \$19,954,000 and \$24,051,000 was recorded for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, the Series 2023A-1 and Series 2023A-2 bonds have accumulated unpaid interest of approximately \$5,367,000 and \$7,303,000, respectively. The Series 2023A bond debt service for subsequent years is as follows:

Series 2023A-1	Principal	Interest
2026	\$ 121,905,000	\$ 14,951,500
2027	100,000,000	8,856,250
2028	77,125,000	3,856,250
Total	<u>\$ 299,030,000</u>	<u>\$ 27,664,000</u>

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

7. Bond Payable (continued)

Series 2023A-2	Principal	Interest
2026	\$ -	\$ 6,250,000
2027	-	6,250,000
2028	-	6,257,158
2029	-	6,242,841
Thereafter	125,000,000	18,757,158
Total	<u>\$ 125,000,000</u>	<u>\$ 43,757,157</u>

A summary of changes in bonds payable is as follows:

Descriptions	Balance at December 31, 2024	Additions	Payment	Balance at December 31, 2025	Due Within One Year
Series 2023A-1 Bonds	\$414,795,000	\$ -	\$115,765,000	\$299,030,000	\$121,905,000
Series 2023A-2 Bonds	125,000,000	-	-	125,000,000	-
Total	<u>\$539,795,000</u>	<u>\$ -</u>	<u>\$115,765,000</u>	<u>\$424,030,000</u>	<u>\$121,905,000</u>

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

7. Bond Payable (continued)

A summary of bonds payable at December 31, 2025 and 2024 is as follows:

Description	2025	2024
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.	\$ 299,030,000	\$ 414,795,000
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	<u>\$ 424,030,000</u>	<u>\$ 539,795,000</u>

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 balance held at AGFG was approximately \$1,124,541 and \$1,634,466 at December 31, 2025 and 2024, respectively.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

8. Management Services Agreement (continued)

Amounts paid to AGFG under this agreement totaled approximately \$6,910,000 and \$7,885,000 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, are approximately \$74,154,000 and \$146,047,000, 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, 2025 and 2024.

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.

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.

Florida Insurance Guaranty Association, Inc.

Notes to the Financial Statements - Modified Cash Basis

Years ended December 31, 2025 and 2024

9. Commitments and Contingencies (continued)

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, 2025 and 2024, were approximately \$158,000 and \$181,000, respectively.

Supplementary Information

Florida Insurance Guaranty Association, Inc.

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

Year ended December 31, 2025

	Automobile Liability and Physical Damage	Other Covered Lines	Total
Revenues			
Assessments	\$	\$ 337,068,200	\$ 337,068,200
Investment income, net of related expenses	3,651,298	23,834,112	27,485,410
Estate distribution and claims recoveries	6,534,012	114,607,299	121,141,311
Total revenues	<u>10,185,310</u>	<u>475,509,611</u>	<u>485,694,921</u>
Expenses:			
Claims and claims adjustment expenses paid	711,025	185,963,300	186,674,325
Direct estate expenses	2,418	116,759	119,177
General and administrative	11,793	1,805,220	1,817,013
Total expenses	<u>725,236</u>	<u>187,885,279</u>	<u>188,610,515</u>
Changes in net assets	9,460,074	287,624,332	297,084,406
Statutorily designated net assets at beginning of year	56,555,200	210,418,173	266,973,373
Statutorily designated net assets at end of year	<u>\$ 66,015,274</u>	<u>\$ 498,042,505</u>	<u>\$ 564,057,779</u>

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, 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 distribution and claims recoveries	3,991,973	423,730,869	427,722,842
Total revenues	<u>4,033,545</u>	<u>821,455,905</u>	<u>825,489,450</u>
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	<u>1,373,010</u>	<u>541,247,000</u>	<u>542,620,010</u>
Changes 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	<u>\$ 56,555,200</u>	<u>\$ 210,418,173</u>	<u>\$ 266,973,373</u>

See report of independent auditors.