Financial Statements – Modified Cash Basis
and Other Financial Information

FIGA
FLORIDA INSURANCE GUARANTY ASSOCIATION

Florida Insurance Guaranty Association, Inc.

Year ended December 31, 2022
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

Year ended December 31, 2022

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Thomas Howell Ferguson P.A.
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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 Florida Insurance Guaranty Association, Inc. (the Association) which comprise the statement of financial position - modified cash basis as of December 31, 2022, the related statements of activities and changes in net assets - modified cash basis and statements of functional expenses - modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets and liabilities arising from cash transactions of Florida Insurance Guaranty Association, Inc. as of December 31, 2022, and its revenue collected and expenses paid during the year then ended in accordance with the modified basis of cash receipts and disbursements described in Note 1.

Basis for Opinion

We conducted our audit 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 audit. 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.

As discussed in Note 10 to the financial statements, the Association has elected to change its method of accounting for recognizing assessment receivables under the modified cash basis effective January 1, 2022. 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.

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

- 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.

- 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 schedule of activities and changes in net assets is presented for purposes of additional analysis and is 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 audit 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
May 31, 2023

Florida Insurance Guaranty Association, Inc.

Statement of Financial Position - Modified Cash Basis

December 31, 2022

Assets	
Cash and short-term investments:	
Cash and cash equivalents	$ 132,157,820
Short-term investments	29,345,754
Total cash and short-term investments	161,503,574
Assessment receivable	449,982,537
Accrued interest income	155,914
Investments	19,843,665
Property and equipment, net	899,399
Total assets	$ 632,385,089
Liabilities and net assets	
Liabilities:	
Amounts held for others	$ 69,299
Notes payable	350,000,000
Accrued interest	2,691,841
Total liabilities	352,761,140
Net assets:	
Without donor restrictions:	
Statutorily designated for automobile liability and physical damage	49,375,361
Statutorily designated for other covered lines	230,248,588
Total net assets	279,623,949
Total liabilities and net assets	$ 632,385,089

See accompanying notes.

Florida Insurance Guaranty Association, Inc.

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

Year ended December 31, 2022

Revenues:	
Assessments	$ 490,000,000
Investment income, net of related expenses	1,766,808
Estate distributions and claim recoveries	154,300,623
Total revenues	646,067,431
Expenses:	
Claims and claims adjustment expenses paid	673,622,392
Direct estate services	738,054
General and administrative	2,587,875
Total expenses	676,948,321
Change in net assets	(30,880,890)
Net assets at December 31, 2021	142,504,839
Cumulative effect of change in accounting principle (Note 10)	168,000,000
Net assets at January 1, 2022, as adjusted	310,504,839
Net assets at December 31, 2022	$ 279,623,949

See accompanying notes.

Florida Insurance Guaranty Association, Inc.

Statement of Functional Expenses
- Modified Cash Basis

Year ended December 31, 2022

	Claims and Claims Adjustment Expenses Paid	Direct Estate Services	General and Administrative	Total Expenses
Bank loan interest	$ 7,196,658	$ -	$ -	$ 7,196,658
Claims and claims adjustment expense	664,792,567	-	-	664,792,567
Salaries and benefits	1,370,041	59,471	1,122,928	2,552,440
Premises	10,500	2,834	28,610	41,944
Accounting and auditing	-	-	55,048	55,048
Bank fees	-	-	15,811	15,811
Board meeting travel	-	-	248	248
Consulting	-	-	649,399	649,399
Dues and publications	4,981	182	171,479	176,642
Technology	218,907	327,590	243,314	789,811
Insurance	9,535	-	84,348	93,883
Legal and legislative fees	798	166,145	110,354	277,297
Office supplies	-	19,332	8,239	27,571
Postage and shipping	-	149,471	22,433	171,904
Travel and staff development	4,755	-	19,419	24,174
Taxes and licenses	-	-	19,160	19,160
Communication	13,650	13,029	37,085	63,764
	$ 673,622,392	$ 738,054	$ 2,587,875	$ 676,948,321

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 6). 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 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 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 of the Association. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Association focuses primarily on highly liquid cash equivalent investments, limits its exposure in any one investment, and monitors quality.

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 year ending December 31, 2022. With few exceptions, the Association is no longer subject to examinations by major tax jurisdictions for years ended December 31, 2018 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 631.55(2)(b). 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, 2022, the Association has not issued any tax-exempt bonds.

On August 26, 2021, a regular assessment (2021 Assessment) of 0.7% totaling $168,000,000 was levied on the “all other” line of business. Member insurers will collect an equivalent surcharge on new and renewal policies with 2022 effective dates and will remit assessments quarterly on or before July 1, 2022, October 1, 2022, and December 1, 2022. Members will 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” line of business. Member insurers will collect an equivalent surcharge on new and renewal policies and will 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” line of business. Member insurers will collect an equivalent surcharge on new and renewal policies and will remit assessments over the assessment year starting January 1, 2023 through December 31, 2023.

1. Organization and Significant Accounting Policies (continued)

Assessments (continued)

As of December 31, 2022, the Association has collected approximately $208,017,000 of the assessments levied in 2022 and 2021. Assessments receivable at December 31, 2022, is approximately $449,983,000.

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.

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.

1. Organization and Significant Accounting Policies (continued)

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 May 31, 2023, the date the financial statements were available to be issued. During the period from December 31, 2022 to May 31, 2023, the Association did not have any material recognizable subsequent events other than those described in Note 11.

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 at December 31, 2022:

	Amortized Cost	Fair Value
U.S. Government agency obligations	$ 25,944,147	$ 25,733,735
U.S. Agency mortgage-backed securities	3,215,603	3,167,740
Municipal obligations	5,508,840	5,187,878
Corporate bonds	13,402,369	12,880,793
Repurchase agreements	1,118,460	1,041,556
	49,189,419	48,011,702
Less short-term investments	29,345,754	29,383,059
Investments	$ 19,843,665	$ 18,628,643

A summary of the amortized cost and fair value of the Association's bonds and other investments at December 31, 2022, by maturity is as follows:

	Amortized Cost	Fair Value
Due in one year or less	$ 29,345,754	$ 29,383,059
Due after one year through five years	19,843,665	18,628,643
Total	$ 49,189,419	$ 48,011,702

2. Investments (continued)

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 $102,541 for the year ended December 31, 2022. Net realized (losses) gains for the year ended December 31, 2022, were $(682,411).

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, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
U.S. Government and government agency bonds	$ 25,733,735	$ –	$ 25,733,735	$ –
Asset-backed securities	3,167,740	–	3,167,740	–
Corporate bonds	12,880,793	–	12,880,793	–
Municipal obligations	5,187,878	–	5,187,878	–
Repurchase agreements	1,041,556	–	1,041,556	–
	$ 48,011,702	$ –	$ 48,011,702	$ –

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, 2022.

4. Available Resources and Liquidity

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, monitor the administrations of insolvent insurers estates and protect the Association's interest, and administrative costs as they come due. As such, net assets are segregated into two designations specified under the Act: automobile and other covered lines.

Financial assets at December 31, 2022:	
Cash and cash equivalents	$ 132,157,820
Investments	49,189,419
Accrued interest income	155,914
Total financial assets	181,503,153
Less:	
Amounts held for others	69,299
Financial assets available for statutorily designated use	$ 181,433,854

5. Property and Equipment

Property and equipment consists of the following at December 31, 2022:

Land	$ 310,000
Building	883,463
Office furniture and equipment	33,191
Computer equipment and software	747,992
Leasehold improvements	133,477
	2,108,123
Less accumulated depreciation	1,208,724
	$ 899,399

During the year ended December 31, 2022, the Association recorded depreciation expense of $54,899.

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. 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 $752,628 at December 31, 2022.

Amounts paid to AGFG under this agreement totaled $6,664,443 for the year ended December 31, 2022, and are reported in general and administrative expenses, claims and claims adjustment expenses, and direct estate expenses.

7. 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, 2022, are approximately $337,307,000. 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, 2022.

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.

7. 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.

8. Notes Payable

On March 8, 2022, the Board recognized that the Association would need to borrow funds from a financial institution in order to meet the claim obligations for insolvent members during 2022.

On April 26, 2022, the Association entered into a loan agreement with a financial institution. The loan agreement was for $250,000,000, with $130,000,000 of the outstanding principal at a variable rate of the Secured Overnight Financing Rate (SOFR) plus .70% annually, and $120,000,000 of the outstanding principal at a fixed rate of 3.04% annually. The loan is secured by the 2022A Assessment collections and any future assessments needed to repay the debt. Interest and principal payments are due quarterly beginning on December 1, 2022, with a final maturity date of December 1, 2023.

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 Secured Overnight Financing Rate (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, 2022 was $350,000,000 and $2,691,841, respectively.

Principal payments required for subsequent years ending December 31, are as follows:

Year ended December 31,	
2023	$ 290,000,000
2024	60,000,000
	$ 350,000,000

9. 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 year ended December 31, 2022, were $150,704.

10. Change in Accounting Principle

Effective January 1, 2022, the Association changed its method of accounting for assessments to recognize the assessments in the period levied and record the related assessments receivable as of the end of the financial reporting period. The change in accounting resulted in a cumulative effect adjustment of $168,000,000 to restate beginning net assets as of January 1, 2022.

11. Subsequent Events

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 an amount of $150,000,000 to provide interim funding with which 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 pay or repay the Series 2023A Bond Anticipation Note and to provide additional funding for the payment of 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 of the bonds have been paid in full and are no longer outstanding. Members may collect the 1% emergency assessment from policyholders based on the assessment year and remit quarterly. The Office of Insurance Regulation subsequently levied the assessment on April 10, 2023.

Other Financial Information

Florida Insurance Guaranty Association, Inc.

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

Year ended December 31, 2022

	Automobile Liability and Physical Damage	Other Covered Lines	Total
Revenues:			
Assessments	$ -	$ 490,000,000	$ 490,000,000
Investment income, net of related expenses	256,101	1,510,707	1,766,808
Estate distributions and claim recoveries	21,627,900	132,672,723	154,300,623
Total revenues	21,884,001	624,183,430	646,067,431
Expenses:			
Claims and claims adjustment expenses paid	7,612,639	666,009,753	673,622,392
Direct estate expenses	46,301	691,753	738,054
General and administrative	94,173	2,493,702	2,587,875
Total expenses	7,753,113	669,195,208	676,948,321
Change in net assets	14,130,888	(45,011,778)	(30,880,890)
Statutorily designated net assets at beginning of year, adjusted	35,244,473	275,260,366	310,504,839
Statutorily designated net assets at end of year	$ 49,375,361	$ 230,248,588	$ 279,623,949

See report of independent auditors.