

**Florida Department of Financial Services, Division of Rehabilitation and
Liquidation
FedNat Insurance Co in Liquidation
Statement of Affairs
3/31/2024**

	<u>Estimated Realizable Value</u>
ASSETS	
SPIA-Restricted	\$3,863,435.48
Pooled Cash in SPIA Due from the Admin Fund	80,794,339.60
Short Term Investments	21,979.30
Accrued Interest Receivable	210,888.77
Reinsurance Recoverable	65,403,058.50
Allowance Reinsurance Recoverable	(27,000,000.00)
Accounts Receivable	14,314,306.00
Allowance - Accounts Receivables	(14,314,306.00)
Other Assets	12,478,619.27
Total Assets	<u><u>\$135,772,320.92</u></u>
LIABILITIES	
Secured Claims	966,104.22
Class 1 Administrative Claims	
Class 1 - Guaranty Associations	35,954,811.34
Class 2 Loss Claims	
Class 2 - Guaranty Associations	167,266,653.14
Class 2 - Other	28,100.00
Class 3 Unearned Premium Claims under Non-assessable Policies	
Class 3 - Guaranty Associations	2,990,934.20
Class 3 - Other	53,111.59
Class 6 General Creditor Claims	
Class 6 - Other	5,164,087.80
Class 7 State & Local Government Claims	1,930,549.23
Class 8 Late Filed Claims	4,953.00
Class 11 Shareholder Claims	23,233,070.00
Total Liabilities	<u>\$237,592,374.52</u>
EQUITY	
Contributed Equity - State of Florida	149,547.91
Estate Equity	(101,969,601.51)
Excess (Deficiency) of Assets over Liabilities	<u>(\$101,820,053.60)</u>
Total Liabilities and Equity	<u><u>\$135,772,320.92</u></u>

**Florida Department of Financial Services, Division of Rehabilitation and
Liquidation**

**FedNat Insurance Co in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through 3/31/2024**

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$0.00	\$1,256,440.02
Reinsurance Recoveries	7,405,457.49	15,385,751.55
Agents' Balances Recoveries	101,491.08	124,118.39
Subrogation and Salvage Recoveries	1,533,396.79	2,283,619.30
Tax Recoveries	2,916,735.25	2,916,774.44
Other Collections / Recoveries	7,861.91	20,833,638.98
Sale of Other Assets	0.00	1,500,000.00
Receipts Before Investment Activities	11,964,942.52	44,300,342.68
Interest and Dividend Receipts	1,640,501.49	2,415,118.22
Sale of Short Term Investment	0.00	1,410,782.77
Receipts From Investment Activities	1,640,501.49	3,825,900.99
Total Cash Receipts	13,605,444.01	48,126,243.67
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	1,233,295.77	1,864,609.99
Salaries and Fringe Benefits	782,540.87	2,003,600.30
Employee Welfare	1,043.30	1,444.87
Travel Expenses	940.26	2,364.59
Admin Expenses	62,851.60	1,146,677.67
Equipment and Furniture Expenses	35,789.26	38,534.26
Rent, Building and Equipment	1,184.55	2,018.06
Taxes	0.00	(39.98)
Disbursements	2,117,645.61	5,059,209.76
Distributions		
Administrative Claims (Class 1)	0.00	0.00
Loss Claims (Class 2)	0.00	0.00
Unearned Premium-Non-Assessable Policies Claims (Class 3)	0.00	0.00
General Creditors Claims (Class 6)	0.00	0.00
Government Claims (Class 7)	0.00	0.00
Late Filed Claims (Class 8)	0.00	0.00
Shareholder Claims	0.00	0.00
Total Distributed	0.00	0.00
Disbursements & Distributions Before Investment Activities	2,117,645.61	5,059,209.76
Financial Expenses	64,117.38	113,773.96
Disbursements for Investment Activities	64,117.38	113,773.96
Total Cash Disbursements & Distributions	2,181,762.99	5,172,983.72
Net Increase (Decrease) in Cash	11,423,681.02	42,953,259.95
Beginning Cash Balance:		
Beginning Cash	10,300,624.20	(21,228,954.73)
Adjustments to Beginning Cash	62,933,469.86	62,933,469.86
Adjusted Beginning Cash Balance	73,234,094.06	41,704,515.13
Ending Cash Balance	84,657,775.08	84,657,775.08

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Company
Schedule of SPIA - Restricted
For the Nine Months Ended March 31, 2024

SPIA - Restricted

Description	LOC No.	Balance 7/1/23	Adjustments/Deposits	Interest	Trransfers/Distributions	Balance 3/31/24
Argo Reinsurance Ltd	NUSCGS032816	928,086.45	0.00	18,833.15	0.00	946,919.60
ERTC Tax Refund		0.00	2,897,331.26	19,184.62	0.00	2,916,515.88
Total:		928,086.45	2,897,331.26	38,017.77	0.00	3,863,435.48

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Company
Schedule of Short Term Investments
For the Nine Months Ended March 31, 2024

Money Market Accounts

Description	Balance 7/1/23	Adjustments/ Fees	Interest	Transfers	Balance 3/31/24
HWMMA x9669	21,979.30	0.00	0.00		21,979.30
	<u>21,979.30</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>21,979.30</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Company
Schedule of Accrued Interest Receivable
For the Nine Months Ended March 31, 2024

Accrued Interest Receivable

Description		Balance 7/1/23	Accrued	Received	Balance 3/31/24
State Treasury	SPIA, 4-20-0-010000-00000	98,743.95	1,518,883.26	(1,406,738.44)	210,888.77
Totals:		<u>98,743.95</u>	<u>1,518,883.26</u>	<u>(1,406,738.44)</u>	<u>210,888.77</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Co in Liquidation
Schedule of Reinsurance Recoverables - Net of Allowance
For Nine Months Ended March 31, 2024

Reinsurance Recoverables

Recovery Agent	Balance 7/1/23	Billed	Recovered	Adjustments	Balance 3/31/24
Receiver	72,808,515.99	7,405,457.49	(7,405,457.49)	(7,405,457.49)	65,403,058.50
Total	72,808,515.99	7,405,457.49	(7,405,457.49)	(7,405,457.49)	65,403,058.50

Allowance Reinsurance

Recovery Agent	Balance 7/1/23	Increases	Decreases	Balance 3/31/2024
Receiver	(27,000,000.00)	0.00	0.00	(27,000,000.00)
Total	(27,000,000.00)	0.00	0.00	(27,000,000.00)

Reinsurance Recoverables - Net of Allowance 38,403,058.50

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Company
Schedule of Accounts Receivable
For the Nine Months Ended March 31, 2024

Other Collections - Recovery/Receivable

<u>Description</u>	<u>Balance 7/1/23</u>	<u>Adjustments</u>	<u>Payments Received</u>	<u>Balance 3/31/24</u>
Federal Income Tax Refund	0.00	14,314,306.00	0.00	14,314,306.00
Totals:	<u>0.00</u>	<u>14,314,306.00</u>	<u>0.00</u>	<u>14,314,306.00</u>

Allowance - Other Receivables

<u>Description</u>	<u>Balance 7/1/23</u>	<u>Adjustments</u>	<u>Payments Received</u>	<u>Balance 3/31/24</u>
FITRR Allowance	0.00	(14,314,306.00)	0.00	(14,314,306.00)
Totals:	<u>0.00</u>	<u>(14,314,306.00)</u>	<u>0.00</u>	<u>(14,314,306.00)</u>

Total Accounts Receivable - Net of Allowances 0.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Company
Schedule of Other Assets
For the Nine Months Ended March 31, 2024

Statutory Deposits

Description	Balance 7/1/23	Adjustments	Recovered	Balance 3/31/24
Florida	549,966.12	0.00	0.00	549,966.12
South Carolina	7,878,691.27	0.00	0.00	7,878,691.27
Texas	1,463,546.75	0.00	0.00	1,463,546.75
Georgia	26,249.13	0.00	0.00	26,249.13
Totals:	<u>9,918,453.27</u>	<u>0.00</u>	<u>0.00</u>	<u>9,918,453.27</u>

Other Notes Receivable

Description	Balance 7/1/23	Adjustments	Recovered	Balance 3/31/24
Surplus Note Receivable	2,560,166.00	0.00	0.00	2,560,166.00
Totals:	<u>2,560,166.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,560,166.00</u>

Total Other Assets: 12,478,619.27

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Company
Schedule of Secured Claims
For the Nine Months Ended March 31, 2024

Secured Claims

Description	LOC No.	Balance				Balance
		7/1/23	Adjustments/Deposits	Interest	Trransfers/Distributions	3/31/24
Argo Reinsurance Ltd	NUSCGS032816	928,086.45	0.00	18,833.15	0.00	946,919.60
ERTC Tax Refund Earned Interest		0.00	0.00	19,184.62	0.00	19,184.62
Total:		928,086.45	0.00	38,017.77	0.00	966,104.22

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
FedNat Insurance Co in Liquidation
Notes to Financial Statements
Dated March 31, 2024

1. **Estate Information.** FedNat Insurance Company was a property and casualty organization domiciled in Florida placed in liquidation on September 27, 2022.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on a modified cash basis of accounting using a fiscal year of July 1, 2023 through June 30, 2024. The assets are stated at their estimated realizable values, while the liabilities are stated at their gross filed amounts and are periodically adjusted as evaluated, adjudicated and/or paid. Interest is accrued and reinsurance receivables are only posted when billed to reinsurers. In addition, the statements do not provide accruals for all future administrative expenses to liquidate the estate or costs to pursue or litigate claims against others.
3. **Unaudited.** The accompanying financial statements have not been audited by an independent certified public accountant and no opinion is expressed on their compliance with generally accepted accounting principles.
4. **Pooled Investments.** The majority of the invested assets of the estates are combined into two main pooled accounts: The Receiver's operating account held at Wells Fargo and the Special Purpose Investment Account held at the State of Florida Treasury. Each estate's share of the pooled investments is presented on the accompanying financial statements as "Pooled Cash Due from the Admin Fund".
5. **Special Purpose Investment Account (SPIA) – Restricted.** Represents funds wired to the Receiver by issuers of Letters of Credit for the purpose of collateralizing Reinsurance Receivables and an ERTC tax refund.
6. **Short-Term Investments.** The investments are stated at fair value, which approximates market value. Market values are those provided by the depository trust institution or brokerage institution in possession of the securities at the balance sheet date.
7. **Reinsurance.** Reinsurance receivables have resulted from losses that have been paid and billed to the reinsurer(s). The financial statements reflect the estimated gross amount of the billed losses less an allowance for any receivable(s) where there is an uncertainty regarding collectability. The receivable amount may include paid losses that are ceded to one or more reinsurance contracts being collected on behalf of the Receiver by an intermediary or the Receiver's staff.
8. **Accounts Receivable.** These account receivables consist of a Federal Income Tax Refund and a Deferred Tax Asset Guaranty.
9. **Allowance – Accounts Receivable.** An estimate of uncollectible amounts for certain assets.
10. **Other Assets.** These assets consist of states' statutory deposits held at various financial institutions. The Schedule of Other Assets reflects the value of these deposits at June 30, 2023 or latest available, those that have been collected by the Receiver and those where the state has taken its deposit.
11. **Secured Claims.** Secured claims represent liabilities for such items as collateral for Reinsurance Receivables. This secured claim represents funds wired to the Receiver by issuers of Letters of Credit on behalf of several companies that were deposited to a segregated account until disposition of the funds can be resolved for amounts related to Reinsurance Receivables and the interest earned on the ERTC tax refund.
12. **Claims.** Unless otherwise noted, the Statement of Affairs contains claim liabilities by priority class pursuant to 631.271, Florida Statutes. Unless otherwise stated, the claim liabilities reported are gross filed, un-adjudicated, and have not been reduced by any early access payments from the Florida Receiver. Claim liability numbers are based upon the most current available information and documentation provided to the Receiver from both internal and external sources.
 - Class 1, Class 2 & Class 3 claim liabilities are based upon Guaranty Association payments, estimates and Filed Proof of Claims forms.
 - All other classes are based on Filed Proof of Claims forms.
 - Filed Proof of Claims forms are currently being processed and all liabilities are subject to change.

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation
FedNat Insurance Co in Liquidation
Notes to Financial Statements
Dated March 31, 2024**

13. **Interest Distributions.** For companies placed into receivership on or after July 1, 2012, Section 631.271, Florida Statutes authorizes the payment of interest on claims in Classes 1-9 prior to making any payment on shareholder claims. At this time, the Receiver does not anticipate having sufficient assets in this estate to pay all claims for Classes 1-9. Accordingly, this statement does not reflect an interest reserve for Classes 1-9 allowed claims.
14. **Federal Priority.** The federal government has taken the position that pursuant to 31 U.S.C.A. 3713 a federal government claim must be paid first, when a debtor to the United States is insolvent. The federal government has also taken the position that it is not subject to state insurance liquidation claim's proceedings deadlines. To establish finality, shield itself from potential liability, and ultimately discharge the estate, the Receiver will request a federal release from the U.S. Department of Justice.
15. **Contributed Equity – State of Florida.** The Receiver will, from time to time, expend public funds to carry out certain duties during the course of liquidating an insurance company. The Division accounts for these expenditures as a contribution of equity by the State.
16. **Excess (Deficiency) of Assets over Liabilities.** The excess or (deficiency) represents the estimated realizable value of assets after deducting the current estimate of liabilities. This excess or (deficiency) does not take into consideration any estimates for future administrative costs to liquidate the estate or costs to pursue or litigate claims against others.