

**Florida Department of Financial Services, Division of Rehabilitation and  
Liquidation  
FedNat Insurance Co in Liquidation  
Statement of Affairs  
6/30/2024**

|                                                                  | <u>Estimated<br/>Realizable<br/>Value</u> |
|------------------------------------------------------------------|-------------------------------------------|
| <b>ASSETS</b>                                                    |                                           |
| SPIA-Restricted                                                  | \$3,893,709.52                            |
| Pooled Cash in SPIA Due from the Admin Fund                      | 16,988,331.10                             |
| Short Term Investments                                           | 21,979.30                                 |
| Accrued Interest Receivable                                      | 43,046.44                                 |
| 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                             |
| Advance to Guaranty Associations                                 | 63,965,730.00                             |
| FI Hurricane Cat Fund Payments to Guaranty Assoc.                | 2,039,134.39                              |
| <b>Total Assets</b>                                              | <u><u>\$137,833,608.52</u></u>            |
| <b>LIABILITIES</b>                                               |                                           |
| Secured Claims                                                   | 996,378.26                                |
| Class 1 Administrative Claims                                    |                                           |
| Class 1 - Guaranty Associations                                  | 39,303,191.48                             |
| Class 2 Loss Claims                                              |                                           |
| Class 2 - Guaranty Associations                                  | 169,660,458.23                            |
| Class 2 - Other                                                  | 29,450.00                                 |
| Class 3 Unearned Premium Claims<br>under Non-assessable Policies |                                           |
| Class 3 - Guaranty Associations                                  | 3,048,637.05                              |
| Class 3 - Other                                                  | 21,039.54                                 |
| Class 6 General Creditor Claims                                  |                                           |
| Class 6 - Other                                                  | 5,997,950.04                              |
| Class 7 State & Local Government Claims                          | 2,587,757.19                              |
| Class 8 Late Filed Claims                                        | 42,142.64                                 |
| Class 11 Shareholder Claims                                      | 23,233,072.00                             |
| <b>Total Liabilities</b>                                         | <u>\$244,920,076.43</u>                   |
| <b>EQUITY</b>                                                    |                                           |
| Contributed Equity - State of Florida                            | 168,503.47                                |
| Estate Equity                                                    | (107,254,971.38)                          |
| Excess (Deficiency) of Assets over Liabilities                   | (\$107,086,467.91)                        |
| <b>Total Liabilities and Equity</b>                              | <u><u>\$137,833,608.52</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 6/30/2024**

|                                                            | Fiscal Year<br>to Date | Since Date<br>of<br>Liquidation |
|------------------------------------------------------------|------------------------|---------------------------------|
| <b>CASH RECEIPTS</b>                                       |                        |                                 |
| Premium Collections                                        | \$0.00                 | \$1,256,440.02                  |
| Reinsurance Recoveries                                     | 7,405,457.49           | 15,385,751.55                   |
| Agents' Balances Recoveries                                | 101,901.56             | 124,528.87                      |
| Subrogation and Salvage Recoveries                         | 1,593,274.04           | 2,343,496.55                    |
| Tax Recoveries                                             | 2,916,735.25           | 2,916,774.44                    |
| Other Collections / Recoveries                             | 7,948.36               | 20,833,725.43                   |
| Sale of Other Assets                                       | 0.00                   | 1,500,000.00                    |
| Receipts Before Investment Activities                      | 12,025,316.70          | 44,360,716.86                   |
| Interest and Dividend Receipts                             | 2,209,752.39           | 2,984,369.12                    |
| Sale of Short Term Investment                              | 0.00                   | 1,410,782.77                    |
| Receipts From Investment Activities                        | 2,209,752.39           | 4,395,151.89                    |
| <b>Total Cash Receipts</b>                                 | <b>14,235,069.09</b>   | <b>48,755,868.75</b>            |
| <b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>              |                        |                                 |
| Professional Fees and Expenses                             | 1,419,628.16           | 2,050,942.38                    |
| Salaries and Fringe Benefits                               | 999,484.63             | 2,220,544.06                    |
| Employee Welfare                                           | 1,301.27               | 1,702.84                        |
| Travel Expenses                                            | 1,813.22               | 3,237.55                        |
| Admin Expenses                                             | 67,316.24              | 1,151,142.31                    |
| Equipment and Furniture Expenses                           | 51,749.23              | 54,494.23                       |
| Rent, Building and Equipment                               | 1,565.91               | 2,399.42                        |
| Taxes                                                      | 0.00                   | (39.98)                         |
| Disbursements                                              | 2,542,858.66           | 5,484,422.81                    |
| 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                            |
| Early Access-Guaranty Associations                         | 63,965,730.00          | 63,965,730.00                   |
| Total Distributed                                          | 63,965,730.00          | 63,965,730.00                   |
| Disbursements & Distributions Before Investment Activities | 66,508,588.66          | 69,450,152.81                   |
| Financial Expenses                                         | 78,533.87              | 128,190.45                      |
| Disbursements for Investment Activities                    | 78,533.87              | 128,190.45                      |
| <b>Total Cash Disbursements &amp; Distributions</b>        | <b>66,587,122.53</b>   | <b>69,578,343.26</b>            |
| <b>Net Increase (Decrease) in Cash</b>                     | <b>(52,352,053.44)</b> | <b>(20,822,474.51)</b>          |
| <b>Beginning Cash Balance:</b>                             |                        |                                 |
| Beginning Cash                                             | 10,300,624.20          | (21,228,954.73)                 |
| Adjustments to Beginning Cash                              | 62,933,469.86          | 62,933,469.86                   |
| <b>Adjusted Beginning Cash Balance</b>                     | <b>73,234,094.06</b>   | <b>41,704,515.13</b>            |
| <b>Ending Cash Balance</b>                                 | <b>20,882,040.62</b>   | <b>20,882,040.62</b>            |

The accompanying notes & schedules are an integral part of these financial statements  
**UNAUDITED**

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**FedNat Insurance Company**  
**Schedule of SPIA - Restricted**  
**For the Twelve Months Ended June 30, 2024**

**SPIA - Restricted**

| <b>Description</b>   | <b>LOC No.</b> | <b>Balance<br/>7/1/23</b> | <b>Adjustments/Deposits</b> | <b>Interest</b>  | <b>Trransfers/Distributions</b> | <b>Balance<br/>6/30/24</b> |
|----------------------|----------------|---------------------------|-----------------------------|------------------|---------------------------------|----------------------------|
| Argo Reinsurance Ltd | NUSCGS032816   | 928,086.45                | 0.00                        | 26,253.25        | 0.00                            | 954,339.70                 |
| ERTC Tax Refund      |                | 0.00                      | 2,897,331.26                | 42,038.56        | 0.00                            | 2,939,369.82               |
| <b>Total:</b>        |                | <b>928,086.45</b>         | <b>2,897,331.26</b>         | <b>68,291.81</b> | <b>0.00</b>                     | <b>3,893,709.52</b>        |

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**FedNat Insurance Company**  
**Schedule of Short Term Investments**  
**For the Twelve Months Ended June 30, 2024**

**Money Market Accounts**

| <b>Description</b> | <b>Balance<br/>7/1/23</b> | <b>Adjustments/<br/>Fees</b> | <b>Interest</b> | <b>Transfers</b> | <b>Balance<br/>6/30/24</b> |
|--------------------|---------------------------|------------------------------|-----------------|------------------|----------------------------|
| 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 Twelve Months Ended June 30, 2024

**Accrued Interest Receivable**

| <b>Description</b> |                           | <b>Balance<br/>7/1/23</b> | <b>Accrued</b>      | <b>Received</b>       | <b>Balance<br/>6/30/24</b> |
|--------------------|---------------------------|---------------------------|---------------------|-----------------------|----------------------------|
| State Treasury     | SPIA, 4-20-0-010000-00000 | 98,743.95                 | 1,875,726.43        | (1,931,423.94)        | 43,046.44                  |
| <b>Totals:</b>     |                           | <u>98,743.95</u>          | <u>1,875,726.43</u> | <u>(1,931,423.94)</u> | <u>43,046.44</u>           |

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**FedNat Insurance Co in Liquidation**  
**Schedule of Reinsurance Recoverables - Net of Allowance**  
**For Twelve Months Ended June 30, 2024**

**Reinsurance Recoverables**

| <b>Recovery Agent</b> | <b>Balance<br/>7/1/23</b> | <b>Billed</b>        | <b>Recovered</b>       | <b>Adjustments</b> | <b>Balance<br/>6/30/24</b> |
|-----------------------|---------------------------|----------------------|------------------------|--------------------|----------------------------|
| Receiver              | 65,403,058.50             | 14,810,914.98        | (14,810,914.98)        | 0.00               | 65,403,058.50              |
| <b>Total</b>          | <u>65,403,058.50</u>      | <u>14,810,914.98</u> | <u>(14,810,914.98)</u> | <u>0.00</u>        | <u>65,403,058.50</u>       |

**Allowance Reinsurance**

| <b>Recovery Agent</b> | <b>Balance<br/>7/1/23</b> | <b>Increases</b> | <b>Decreases</b> | <b>Balance<br/>6/30/2024</b> |
|-----------------------|---------------------------|------------------|------------------|------------------------------|
| Receiver              | (27,000,000.00)           | 0.00             | 0.00             | (27,000,000.00)              |
| <b>Total</b>          | <u>(27,000,000.00)</u>    | <u>0.00</u>      | <u>0.00</u>      | <u>(27,000,000.00)</u>       |

**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 Twelve Months Ended June 30, 2024

**Other Collections - Recovery/Receivable**

| Description               | Balance<br>7/1/23 | Adjustments   | Payments Received | Balance<br>6/30/24 |
|---------------------------|-------------------|---------------|-------------------|--------------------|
| Federal Income Tax Refund | 0.00              | 14,314,306.00 | 0.00              | 14,314,306.00      |
| Totals:                   | 0.00              | 14,314,306.00 | 0.00              | 14,314,306.00      |

**Allowance - Other Receivables**

| Description     | Balance<br>7/1/23 | Adjustments     | Payments Received | Balance<br>6/30/24 |
|-----------------|-------------------|-----------------|-------------------|--------------------|
| FITRR Allowance | 0.00              | (14,314,306.00) | 0.00              | (14,314,306.00)    |
| Totals:         | 0.00              | (14,314,306.00) | 0.00              | (14,314,306.00)    |

**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 Twelve Months Ended June 30, 2024**

**Statutory Deposits**

| <b>Description</b> | <b>Balance<br/>7/1/23</b> | <b>Adjustments</b> | <b>Recovered</b> | <b>Balance<br/>6/30/24</b> |
|--------------------|---------------------------|--------------------|------------------|----------------------------|
| 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                  |
| <b>Totals:</b>     | <u>9,918,453.27</u>       | <u>0.00</u>        | <u>0.00</u>      | <u>9,918,453.27</u>        |

**Other Notes Receivable**

| <b>Description</b>      | <b>Balance<br/>7/1/23</b> | <b>Adjustments</b> | <b>Recovered</b> | <b>Balance<br/>6/30/24</b> |
|-------------------------|---------------------------|--------------------|------------------|----------------------------|
| Surplus Note Receivable | 2,560,166.00              | 0.00               | 0.00             | 2,560,166.00               |
| <b>Totals:</b>          | <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 Advance to Guaranty Associations**  
**For the Twelve Months Ended June 30, 2024**

**Advance to Guaranty Associations**

| <b>Description</b>                                | <b>Balance<br/>7/1/23</b> | <b>Advanced</b>      | <b>Recovered</b> | <b>Balance<br/>6/30/24</b> |
|---------------------------------------------------|---------------------------|----------------------|------------------|----------------------------|
| Florida Insurance Guaranty Association            | 0.00                      | 32,034,507.00        | 0.00             | 32,034,507.00              |
| Mississippi Insurance Guaranty Association        | 0.00                      | 322.00               | 0.00             | 322.00                     |
| South Carolina P&C Insurance Guaranty Association | 0.00                      | 1,820,751.00         | 0.00             | 1,820,751.00               |
| Texas P&C Insurance Guaranty Association          | 0.00                      | 5,379,994.00         | 0.00             | 5,379,994.00               |
| Georgia Insurers Insolvency Pool                  | 0.00                      | 34,777.00            | 0.00             | 34,777.00                  |
| Alabama Insurance Guaranty Association            | 0.00                      | 504,303.00           | 0.00             | 504,303.00                 |
| Louisiana Insurance Guaranty Association          | 0.00                      | 24,191,076.00        | 0.00             | 24,191,076.00              |
|                                                   | <u>0.00</u>               | <u>66,004,864.39</u> | <u>0.00</u>      | <u>63,965,730.00</u>       |

**Florida Hurricane Catastrophe Fund Payments to Guaranty Associations**

| <b>Description</b>                 | <b>Balance<br/>7/1/23</b> | <b>Advanced</b>     | <b>Recovered</b> | <b>Balance<br/>6/30/24</b> |
|------------------------------------|---------------------------|---------------------|------------------|----------------------------|
| Florida Hurricane Catastrophe Fund | 0.00                      | 2,039,134.39        | 0.00             | 2,039,134.39               |
|                                    | <u>0.00</u>               | <u>2,039,134.39</u> | <u>0.00</u>      | <u>2,039,134.39</u>        |

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**FedNat Insurance Company**  
**Schedule of Secured Claims**  
**For the Twelve Months Ended June 30, 2024**

**Secured Claims**

| <b>Description</b>              | <b>LOC No.</b> | <b>Balance</b>    |                             |                  |                                 | <b>Balance</b>    |
|---------------------------------|----------------|-------------------|-----------------------------|------------------|---------------------------------|-------------------|
|                                 |                | <b>7/1/23</b>     | <b>Adjustments/Deposits</b> | <b>Interest</b>  | <b>Trransfers/Distributions</b> | <b>6/30/24</b>    |
| Argo Reinsurance Ltd            | NUSCGS032816   | 928,086.45        | 0.00                        | 26,253.25        | 0.00                            | 954,339.70        |
| ERTC Tax Refund Earned Interest |                | 0.00              | 0.00                        | 42,038.56        | 0.00                            | 42,038.56         |
| <b>Total:</b>                   |                | <b>928,086.45</b> | <b>0.00</b>                 | <b>68,291.81</b> | <b>0.00</b>                     | <b>996,378.26</b> |

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation**  
**FedNat Insurance Co in Liquidation**  
**Notes to Financial Statements**  
**Dated June 30, 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. **Advance to Guaranty Association(s).** Represents funds advanced to guaranty associations for the payment of covered claims and expenses. The guaranty association is obligated to promptly return any of these funds if the Receiver determines that repayment of claims of equal or superior priority is necessary.
12. **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.
13. **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.

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation  
FedNat Insurance Co in Liquidation  
Notes to Financial Statements  
Dated June 30, 2024**

- 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.

14. **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.
15. **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.
16. **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.
17. **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.