Florida Department of Financial Services, Division of Rehabilitation and Liquidation

FedNat Insurance Co in Liquidation

Statement of Affairs

6/30/2026

	Estimated Realizable Value
ASSETS	
SPIA-Restricted	$1,096,322.32
Pooled Cash in SPIA Due from the Admin Fund	72,458,368.39
Accrued Interest Receivable	204,379.61
Reinsurance Recoverable	65,259,014.58
Allowance Reinsurance Recoverable	(27,000,000.00)
Other Assets	11,858,088.04
Advance to Guaranty Associations	94,992,592.50
Fl Hurricane Cat Fund Payments to Guaranty Assoc.	2,039,134.39
Total Assets	$220,907,899.83
LIABILITIES	
Secured Claims	1,036,280.00
Class 1 Administrative Claims	
Class 1 - Guaranty Associations	66,814,083.67
Class 2 Loss Claims	
Class 2 - Guaranty Associations	208,993,025.49
Class 2 - Other	34,250.00
Class 3 Unearned Premium Claims under Non-assessable Policies	
Class 3 - Guaranty Associations	3,140,670.25
Class 3 - Other	12,022.34
Class 6 General Creditor Claims	
Class 6 - Other	6,136,120.06
Class 7 State & Local Government Claims	2,587,757.19
Class 8 Late Filed Claims	561,208.79
Class 11 Shareholder Claims	23,233,072.00
Total Liabilities	$312,548,489.79
EQUITY	
Contributed Equity - State of Florida	366,593.03
Estate Equity	(92,007,182.99)
Excess (Deficiency) of Assets over Liabilities	($91,640,589.96)
Total Liabilities and Equity	$220,907,899.83

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 6/30/2026

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	$0.00	$1,256,440.02
Reinsurance Recoveries	24,998,149.09	78,334,695.75
Agents' Balances Recoveries	377.74	127,256.89
Subrogation and Salvage Recoveries	334,886.58	3,374,737.77
Litigation Recoveries	14,000,000.00	14,843,634.00
Tax Recoveries	0.00	8,316,774.44
Other Collections / Recoveries	33,156.34	21,683,294.29
Sale of Other Assets	0.00	1,500,000.00
Receipts Before Investment Activities	39,366,569.75	129,436,833.16
Interest and Dividend Receipts	2,131,233.34	6,346,575.17
Sale of Short Term Investment	0.00	1,410,782.77
Receipts From Investment Activities	2,131,233.34	7,757,357.94
Total Cash Receipts	41,497,803.09	137,194,191.10
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	2,853,595.42	5,943,957.21
Salaries and Fringe Benefits	859,384.27	4,117,823.76
Employee Welfare	1,920.57	4,750.82
Travel Expenses	2,351.74	8,337.16
Admin Expenses	10,176.42	1,171,127.86
Equipment and Furniture Expenses	85,008.99	203,634.14
Rent, Building and Equipment	14,046.81	24,119.65
Taxes	116.48	373.40
Litigation Settlement Payments	2,346,225.28	2,346,225.28
Disbursements	6,172,825.98	13,820,349.28
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	0.00	92,992,732.00
Total Distributed	0.00	92,992,732.00
Disbursements & Distributions Before Investment Activities	6,172,825.98	106,813,081.28
Financial Expenses	56,523.48	218,025.41
Purchase Short Term Investment	(25,233.54)	(25,233.54)
Disbursements for Investment Activities	31,289.94	192,791.87
Total Cash Disbursements & Distributions	**6,204,115.92**	**107,005,873.15**
Net Increase (Decrease) in Cash	**35,293,687.17**	**30,188,317.95**
Beginning Cash Balance:		
Beginning Cash	36,599,145.91	(21,228,954.73)
Adjustments to Beginning Cash	1,661,857.63	64,595,327.49
Adjusted Beginning Cash Balance	**38,261,003.54**	**43,366,372.76**
Ending Cash Balance	**73,554,690.71**	**73,554,690.71**

Florida Department of Financial Services, Division of Rehabilitation and Liquidation

FedNat Insurance Co in Liquidation

Schedule of SPIA - Restricted

For the Twelve Months Ended June 30, 2026

SPIA - Restricted

Description	LOC No.	Balance 7/1/25	Adjustments/Deposits	Interest	Transfers/Distributions	Balance 6/30/26
Argo Reinsurance Ltd	NUSCGS032816	991,115.75	0.00	41,585.33	0.00	1,032,701.08
ERTC Tax Refund		3,052,640.15	(3,125,863.28)	73,223.13	0.00	0.00
JRG		61,059.30	0.00	2,561.94	0.00	63,621.24
	Total:	4,104,815.20	(3,125,863.28)	117,370.40	0.00	1,096,322.32

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Co in Liquidation
Schedule of Accrued Interest Receivable
For the Twelve Months Ended June 30, 2026

Accrued Interest Receivable

Description		Balance 7/1/25	Accrued	Received	Balance 6/30/2026
State Treasury	SPIA, 4-20-0-010000-00000	126,060.68	1,906,541.23	(1,828,222.30)	204,379.61
	Totals:	126,060.68	1,906,541.23	(1,828,222.30)	204,379.61

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, 2026

Reinsurance Recoverables

Recovery Agent	Balance 7/1/25	Billed	Recovered	Adjustments	Balance 6/30/26
Receiver	65,403,058.50	25,383,080.63	(25,232,097.91)	(295,026.64)	65,259,014.58
Total	65,403,058.50	25,383,080.63	(25,232,097.91)	(295,026.64)	65,259,014.58

Allowance Reinsurance

Recovery Agent	Balance 7/1/25	Increases	Decreases	Balance 6/30/2026
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	**38,259,014.58**

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Co in Liquidation
Schedule of Other Assets
For the Twelve Months Ended June 30, 2026

Statutory Deposits

Description	Balance 7/1/25	Adjustments	Recovered	Balance 6/30/26
South Carolina - Truist	8,573,310.39	724,611.65	0.00	9,297,922.04
Texas - Texas Truist	2,000,000.00	(2,000,000.00)	0.00	0.00
Totals:	10,573,310.39	(1,275,388.35)	0.00	9,297,922.04

Other Notes Receivable

Description	Balance 7/1/25	Adjustments	Recovered	Balance 6/30/26
Surplus Note Receivable	2,560,166.00	0.00	0.00	2,560,166.00
Totals:	2,560,166.00	0.00	0.00	2,560,166.00

Total Other Assets: 11,858,088.04

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Co in Liquidation
Schedule of Advance to Guaranty Associations
For the Twelve Months Ended June 30, 2026

Advance to Guaranty Associations

Description	Balance 7/1/25	Advanced	Recovered	Balance 6/30/26
Florida Insurance Guaranty Association	36,446,915.00	0.00	0.00	36,446,915.00
Mississippi Insurance Guaranty Association	322.00	0.00	0.00	322.00
South Carolina P&C Insurance Guaranty Association	2,134,994.00	0.00	0.00	2,134,994.00
Texas P&C Insurance Guaranty Association (1)	6,054,991.00	1,999,860.50	0.00	8,054,851.50
Georgia Insurers Insolvency Pool	45,001.00	0.00	0.00	45,001.00
Alabama Insurance Guaranty Association	621,614.00	0.00	0.00	621,614.00
Louisiana Insurance Guaranty Association	47,688,895.00	0.00	0.00	47,688,895.00
	92,992,732.00	1,999,860.50	0.00	94,992,592.50

(1) Texas Statutory Deposit ($1,999,860.50) was reclassed to Advance to Guaranty Association effective 11-01-2025.

Florida Hurricane Catastrophe Fund Payments to Guaranty Associations

Description	Balance 7/1/25	Advanced	Recovered	Balance 6/30/26
Florida Hurricane Catastrophe Fund	2,039,134.39	0.00	0.00	2,039,134.39
	2,039,134.39	0.00	0.00	2,039,134.39

Florida Department of Financial Services, Division of Rehabilitation and Liquidation

FedNat Insurance Co in Liquidation

Schedule of Secured Claims

For the Twelve Months Ended June 30, 2026

Secured Claims

Description	LOC No.	Balance 7/1/25	Adjustments/Deposits	Interest	Transfers/Distributions	Balance 6/30/26
Argo Reinsurance Ltd	NUSCGS032816	991,115.75	0.00	41,585.33	0.00	1,032,701.08
ERTC Tax Refund Earned Interest		155,308.89	0.00	73,223.13	(228,532.02)	0.00
JRG intrest		1,016.98	0.00	2,561.94	0.00	3,578.92
	Total:	1,147,441.62	0.00	117,370.40	(228,532.02)	1,036,280.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Co in Liquidation
Notes to Financial Statements
Dated June 30, 2026

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, 2025 through June 30, 2026. 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 <u>not</u> 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. Future developments in accounting, business, contract, legal, tax and other matters may result in subsequent updates to one or more categories of this insolvent insurer's assets and/or liabilities that differs from the calculations presented in these unaudited financial statements.
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.
6. **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.
7. **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, 2026 or latest available, those that have been collected by the Receiver and those where the state has taken its deposit.
8. **Advance to Guaranty Association(s).** Represents funds advanced to guaranty associations for the payment of covered claims and expenses. These funds are advanced by (1) the Receiver pursuant to an Early Access Agreement (2) a state entity holding a statutory/special deposit to a guaranty association in the state or (3) the Florida Hurricane Catastrophe Fund to the Florida Insurance Guaranty Association. A guaranty association subject to an Early Access Agreement is obligated to promptly return any of these funds if the Receiver determines that repayment of claims of equal or superior priority is necessary.
9. **Florida Hurricane Catastrophe Fund (FHCF) Advance to Guaranty Association (FIGA).** Represents funds advanced directly from FHCF to FIGA for the payment of covered claims and expenses pursuant to Chapter 215, Florida Statutes.
10. **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.
11. **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.

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
FedNat Insurance Co in Liquidation
Notes to Financial Statements
Dated June 30, 2026

- Class 1, Class 2, & Class 3 claim liabilities are based on Guaranty Association payments, estimates, and Filed Proof of Claims forms.

- All other classes are based on Filed Proof of Claims forms.

- All returned Proof of Claim forms have been processed and no POCs have been received since February 2026.

12. **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.

13. **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 requested a federal release from the U.S. Department of Justice on February 6, 2026.

14. **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.

15. **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.