



Florida Insurance Guaranty Association

Issuing through the Florida Insurance Assistance Interlocal Agency

Investor Presentation

June 2023

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2023A Bonds

**Florida Insurance Assistance Interlocal Agency
Insurance Assessment Revenue Bonds
Series 2023A-1 and 2023A-2 (Variable Rate)**

Total Estimated Par*	\$600 million (not-to-exceed \$750 million)	
Coupon Type	Series 2023A-1: Fixed Rate	Series 2023A-2: Variable Rate (Weekly)
Amortization*	TBD (Fixed rate inside 5 years)	
Redemption Provisions*	TBD	
Tax Status	Tax-Exempt	
Security	Pledged Emergency Assessments of 1% levied by the Office of Insurance Regulation	
Use of Proceeds	(I) Pay Covered Claims, (II) Repay \$150 million Bond Anticipation Notes issued to pay Covered Claims, (III) Pay capitalized interest through March 1, 2024, and (IV) Pay the costs of issuance	
Pricing Date*	Series 2023A-1: Expected June 2023	Series 2023A-2 (Variable Rate): Expected July 2023
Closing Date*	TBD	
Underwriters	<u>Series 2023A-1</u> BofA Securities (Book-Running Senior Manager) Citigroup, J.P. Morgan, and Wells Fargo Securities (Co-Senior Managers)	<u>Series 2023A-2 (Variable Rate)</u> BofA Securities (Sole Underwriter)
	<u>Series 2023A-1</u> Moody's: A2 (stable outlook) S&P: A (stable outlook)	<u>Series 2023A-2 (Variable Rate)</u> Moody's: A2 / VMIG 1

Executive Summary

- The Florida Insurance Guaranty Association (“FIGA”) serves an essential role in the Florida property insurance market, processing claims of insolvent Florida insurance companies, and ensuring timely payment to policyholders
- All admitted insurance companies doing business in Florida, excluding workers’ compensation, are required to be members of FIGA as a condition of their authority to transact business in the State (“Member Insurers”)
- FIGA has historically used moneys from liquidated insurance companies, investment income, and assessments to pay Covered Claims
 - When moneys from liquidated insurance companies and investment income are not sufficient to pay claims and expenses, FIGA has authority to levy assessments on its Member Insurers
- Since 2019, several factors, most notably insurance litigation costs and Hurricane Ian, have led to an increased number of property insurer insolvencies
- FIGA, through the Florida Insurance Assistance Interlocal Agency, is issuing the \$600 million* Series 2023A Insurance Assessment Revenue Bonds (“2023A Bonds”) to provide for the payment of Covered Claims resulting from insurance companies that have become insolvent as a result of hurricane losses
 - The 2023A Bonds will be secured by a 1% Emergency Assessment on FIGA’s “All Other Account”, which includes policies written for 17 lines of insurance, including homeowners policies
 - 1% Emergency Assessment estimated to generate approximately \$286 million annually

Key Credit Characteristics

- FIGA's assessments are levied on a stable, durable, and growing base of property and casualty insurance policies in the State, totaling approximately \$28.6 billion in 2022
 - Assessment base has grown 55% over the last 5 years and 84% over the past decade
 - Assessments function like a broad-based insurance premium tax – essentially a tax on a range of insurance policies. The assessment mechanism has been used repeatedly and proven highly effective
 - Assessments must be paid by the policyholder to have policy deemed paid – highly enforceable
 - No legislative approval required to levy assessments – FIGA Board certifies need for assessment and Office of Insurance Regulation statutorily required to levy assessment
- FIGA currently has authority to levy up to 4% of Emergency Assessments and 2% of Regular Assessments to fund Covered Claims in the All Other Account
 - 2023A Bonds are secured by a 1% Emergency Assessment effective October 1, 2023
 - Covenants by FIGA and Office of Insurance Regulation to levy and enforce the Emergency Assessment for as long as the 2023A Bonds are outstanding, and to levy Emergency Assessments up to the maximum statutory limit in order to provide for the full and timely payment of debt service
 - Emergency Assessments are collected by Member Insurers, paid to FIGA for deposit into a dedicated account and then remitted by FIGA to Trustee
- Strong statutory and indenture protections for bondholders
 - Covenant to levy additional Emergency Assessments, if needed
 - Obligation to continue collecting Emergency Assessment as long as bonds are outstanding
 - State non-impairment covenant
 - Limited liability with per policy limits on the amount of covered claims
 - Authorization to pro-rate overall claims if sufficient funds are unavailable
 - Additional bonds test of 1.25x maximum annual debt service
- Demonstrated State credit support for FIGA through a no-cost revolving Standby Bond Purchase Agreement from the Florida Treasury for the 2023A-2 (Variable Rate) Bonds

Florida Property Insurance Market

- As of December 31, 2022, Florida had a total of approximately 7.3 million residential insurance policies and displaced policies represent a small and manageable percentage of total market
 - Since October 2019, ten property insurers writing an aggregate of approximately 441,000 policies in Florida have been declared insolvent. Policies of insolvent companies are transferred to or written by other private insurers or Citizens, with liability for outstanding claims transferred to FIGA – no disruption to coverage and FIGA covers payment of outstanding claims for policyholders
- Insolvencies driven primarily by litigation, fraud, and social inflation rather than storm activity. Property insurers in Florida have faced a disproportionate level of litigation relative to the number of claims
 - In 2021, Florida represented 6.9% of total homeowners' claims nationally but 76% of homeowners' lawsuits
 - Uncertainty surrounding litigation expenses has contributed to increasing cost and decreasing availability of reinsurance coverage for Florida property insurers
- Florida has mechanisms in place to help stabilize the property insurance market during periods of volatility, including FIGA, and has recently implemented additional temporary State programs to help insurers procure reinsurance
- The State has also taken steps to address the challenges impacting the insurance industry, with several significant statutory reforms enacted by the legislature over the past two years designed to eliminate abusive litigation practices, constrain insured losses, and promote long-term market stability

Market Framework Provides Stability

- Florida's insurance market is subject to regulatory oversight, and the State has well established entities in place that serve vital roles in Florida's residential property insurance ecosystem
 - Florida Office of Insurance Regulation ("OIR") – State regulatory agency that provides oversight of insurance industry and ongoing monitoring of the financial health of insurers
 - Florida Department of Financial Services ("DFS") – State agency that serves as receiver for any property insurer declared insolvent by OIR. The Division of Rehab and Liquidation at DFS manages receiverships and ensures an orderly transition of coverage and outstanding claims
 - Florida Insurance Guaranty Association ("FIGA") – Statutorily created guaranty fund to handle the liabilities of insolvent insurance companies, ensuring orderly and timely payment of outstanding claims
 - Florida Hurricane Catastrophe Fund ("FHCF") – State entity that provides stable, predictable, and reliable source of reinsurance for a portion of Florida residential property insurers' hurricane losses
 - Citizens Property Insurance Corporation ("Citizens") – Statutorily created insurer of last resort, absorbing policies that are not able to be placed in the private market, with proven depopulation mechanisms in place to shift policies back to private insurers over time
- The State created two temporary programs in special legislative sessions held in 2022 designed to assist private market insurers in obtaining reinsurance. Both programs are administered by the State Board of Administration
 - Reinsurance to Assist Policyholders ("RAP") – provided \$2 billion layer of State-funded reinsurance coverage below the FHCF coverage layer for allocation across the 2022 and 2023 hurricane seasons. Approximately \$885 million of RAP coverage was utilized for the 2022 season, with the remaining \$1.1 billion of coverage available for the 2023 season
 - Florida Optional Reinsurance Assistance ("FORA") – works in conjunction with RAP by providing additional optional reinsurance coverage from the State below the FHCF coverage layer funded by up to \$1 billion of general revenue for the 2023 hurricane season

Legislative Reforms

- Florida’s legislature has passed a series of reforms in the last two years targeting abusive litigation that has adversely affected the property insurance market

Assignment of Benefits	Prohibited the assignment of benefits (granting a third-party, such as a contractor, ability to bill an insurer directly) on all residential and commercial property insurance policies
One-way Attorney Fees	One-way attorney fee statutes in Florida no longer apply to suits related to residential or commercial property insurance policies
Offer of Judgment	Reinstated civil offer of judgment statute to civil actions under a residential or commercial property insurance policy. Allows joint offers of settlement in property insurance litigation, contingent on acceptance of all joint offerees
Bad Faith Litigation	Requires an adverse adjudication that an insurer has breached an insurance contract before an insured can file bad faith litigation; provides a safe harbor within which an insurer may correct alleged bad faith acts and attempt settlement
Claims Timing	Claim filing deadline reduced from 2 years to 1 year for new or reopened claims, and from 3 years to 18 months for a supplemental claim. Revises prompt pay laws to shorten the times for investigation and payment of claims by insurers
Citizens	Increased eligibility thresholds for coverage, with policyholders now ineligible for Citizens coverage if the difference in the cost of comparable private-market coverage is 20% or less. Citizens rates must be actuarially sound and non-competitive with admitted market rates. Institutes flood insurance requirements for all residential Citizens policies, with a phased in approach through 2027
Insurer Accountability	Enhanced OIR oversight and established best practices for insurance claims handling processes

History, Structure & Governance

- FIGA was created by the State Legislature in 1970 as a nonprofit corporation to ensure the prompt payment of the full value of covered claims, up to the limits set by State law
 - All admitted insurance companies doing business in Florida, excluding workers' compensation, are required to be members of FIGA as a condition of their authority to transact business in the State ("Member Insurers")
- FIGA is organized into two separate accounts for the purposes of administration and assessments: All Other Account (includes property insurers) and Auto Account
- FIGA has the authority to levy Regular Assessments on policies within each account, but only the "All Other Account" has Emergency Assessment authority. Emergency Assessment authority applies only to losses caused by hurricanes. Regular assessments can be imposed to provide funding for insolvencies and is done more routinely without debt
- Governance structure is provided by Florida Statutes (Part II of Chapter 631) and FIGA's Plan of Operation, which is approved by DFS
 - Five to nine member Board of Directors, consisting of industry representatives recommended by Member Insurers and approved by DFS (current board consist of representatives from Allstate, Citizens, Florida Family, Florida Farm Bureau, Nationwide, State Farm, Travelers, and USAA)
- FIGA's day-to-day operations are managed by the American Guaranty Fund Group ("AGFG")
 - AGFG was created to function as the management company for FIGA and the Florida Workers' Compensation Insurance Guaranty Association ("FWCIGA")
 - AGFG provides management and supervisory services to FIGA pursuant to a management services contract and assists with FIGA's statutory responsibility to promptly and efficiently handle covered claims against insolvent insurers. Contractual duties and responsibilities of AGFG include hiring and retaining FIGA staff as needed and recommending and implementing assessments
 - AGFG is owned and controlled equally by FIGA and FWCIGA

Key Statutory Authorizations

- Chapter 631, Florida Statutes provides statutory framework and support for assessments and bonding
 - Authorizes Assessments up to a total of 6% for the All Other Account
 - Regular Assessments up to 2% – 631.57(3)(a)
 - Emergency Assessments up to 4% for insolvencies resulting from losses incurred due to hurricanes – 631.57(3)(e)
 - Requires any assessments securing debt to be levied annually for as long as bonds are outstanding – 631.57(3)(e)
 - Allows FIGA to issue bonds through any municipal conduit issuer for the purposes of paying claims related to an insolvency resulting from a hurricane – 631.695
- FIGA Statute includes key bondholder protections
 - Strong State non-impairment covenant – 631.695(4)
 - No insolvency, with FIGA authorized to prorate claims if sufficient funds are not available – 631.57(3)(b)
 - No repeal of FIGA's power, duties, and assessment authority (631.57) while revenue bonds secured by Assessments are outstanding – Section 36, Chapter 2006-12, Laws of Florida

Payment of Covered Claims of up to \$500,000

- FIGA assumes responsibility for the Covered Claims of an insurer following liquidation, but does not offer replacement policies or coverage
 - Covered Claims are statutorily defined as outstanding unpaid claims covered under an insurance policy issued by an insolvent insurer, including unearned premiums paid by policyholders
 - FIGA is obligated to pay Covered Claims up to \$500,000 for homeowner's insurance policies which relate only to the damage to the structure and contents (631.57(1)(a)(2))
 - Condominium association and homeowners' association claims are limited to no more than \$200,000 times the number of units in the association (631.57(1)(a)(3)(a))
 - FIGA is typically able to settle claims for less than private insurers because it does not cover certain legal fees
- FIGA works with DFS, as receiver of the insolvent insurer, to evaluate and process Covered Claims
 - Following liquidation, policyholders file claims with the receiver
 - Claims for unearned premium are deemed automatically filed by DFS and no action is required by the policyholder
- If sufficient funds are unavailable, FIGA can prorate unpaid claims based on available cash (631.57(3)(b))
- FIGA may contract with outside servicers/adjusters for claims-handling
 - Current full-time admin and claims staff of 27 people, and 17 additional temporary contractors. Main priority is oversight of approximately 300 adjusters working for third-party administrators for claims services
 - The third-party administrators are selected through a competitive solicitation process and have authority to adjust claims below certain amounts. Amounts above their authority level are reviewed directly by FIGA staff

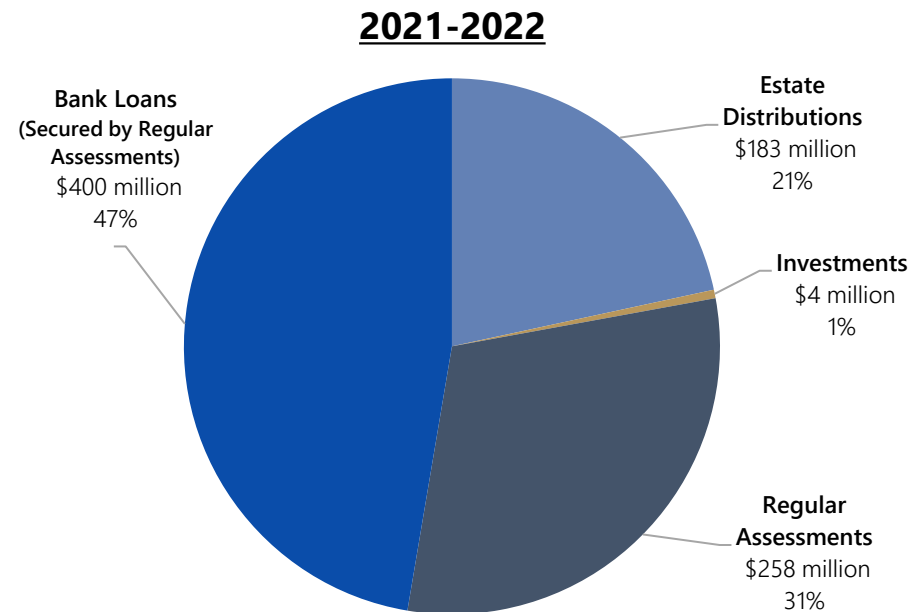
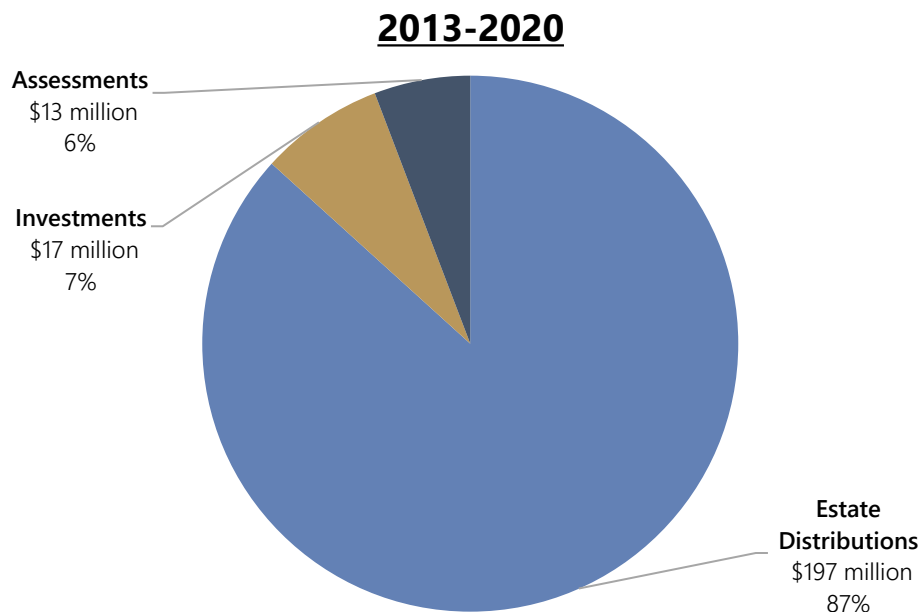
Recent Property Insurer Insolvencies

- Several factors have led to the insolvency of 10 property insurers in the State since 2019
 - Litigation expenses that have created significant adverse loss development for Florida insurers
 - Hardening of the global reinsurance markets, which has increased the cost of reinsurance and reduced the availability of coverage
 - Hurricanes Irma, Michael, and Ian

Recent Insolvencies*							
Company	Year of Insolvency	Number of Policyholders	Number of Claims	Claims Losses	Premium Refunds	Estate Distributions	Net Cost to FIGA
United Property & Casualty Insurance Company	2023	55,000	16,691	\$624,000,000	\$35,000,000	\$(75,000,000)	\$584,000,000
FedNat Insurance Company	2022	2,000	3,370	45,215,665	1,470,769	-	46,686,434
Weston Property & Casualty Insurance Company	2022	23,000	403	17,202,928	37,128,145	-	54,331,073
Southern Fidelity Insurance Company	2022	78,000	6,420	80,325,621	90,884,386	(30,000,000)	141,210,007
Lighthouse Property Insurance Corporation	2022	27,000	1,231	21,039,115	29,026,327	-	50,065,442
Avatar Property & Casualty Insurance	2022	32,000	3,131	57,581,295	31,446,828	(20,000,000)	69,028,123
St. Johns Insurance Company	2022	147,000	5,597	90,746,152	170,917,497	(45,513,142)	216,150,507
Gulfstream Property & Casualty Insurance	2021	30,000	2,313	48,797,052	36,531,560	(33,530,777)	51,797,835
American Capital Assurance Corporation	2021	1,350	336	367,766,293	27,750,160	(33,336,300)	362,180,153
Florida Specialty Insurance Company	2019	46,000	3,677	53,860,405	33,452,398	(66,911,653)	20,401,150
Total	10 Companies	441,350	43,169	\$1,406,534,526	\$493,608,070	\$(304,291,872)	\$1,595,850,724

Funding Sources

- FIGA's funding to pay claims of insolvent insurers comes from three primary sources
 - Asset liquidation of insolvent insurers, collections from private reinsurance and FHCF reimbursements, if any
 - FHCF reimbursements to insolvent insurers are sent directly to FIGA
 - Investment income
 - Assessments levied on Member Insurers as a percentage of Direct Written Premium
- From 2013 to 2020, the majority of FIGA's funding came from the liquidations of insolvent insurers
- With the increase in insolvencies and amount of claims paid, FIGA utilized Regular Assessments, including proceeds of short-term bank loans secured by Regular Assessments (\$400 million), of which \$175 million are currently outstanding, as a significant portion of its funding in 2021 and 2022 and is now issuing the 2023A Bonds secured by Emergency Assessments to provide an additional source of funding



FIGA Assessments – All Other Account

- If FIGA's Board determines and certifies to OIR that an assessment is necessary to provide funding for the payment of Covered Claims in the All Other Account, OIR issues an order levying one of two types of assessments
 - **Regular Assessment** – maximum of 2% per year of each insurer's net direct written premium for the lines included in the All Other Account
 - **Emergency Assessment** – maximum of 4% per year of each insurer's net direct written premium for the lines included in the All Other Account to pay claims or debt incurred to pay claims of insurers that the FIGA Board determines were rendered insolvent by the effects of a hurricane. The Emergency Assessment authority was increased from a maximum of 2% to 4% during the 2020 Florida Legislative Session
- The assessments are highly enforceable – failure of a policyholder to pay an assessment is treated the same as a failure to pay premium, and if any insurer fails to pay a levied assessment, OIR can enforce the payment of assessment by levying fines or suspending/revoking an insurers authority to transact business in the State
- Historically, FIGA has predominantly utilized assessments as a direct cash flow source to help pay claims. However, FIGA has the ability to enter into bank loans secured by Regular Assessments and to issue bonds that are secured by Emergency Assessments
- FIGA has the ability to collect assessments as a pass-through or upfront
 - The 1% Emergency Assessment securing the 2023A Bonds is being levied as a pass-through
 - Member Insurer's remit assessments quarterly to FIGA as they are collected from policyholders over policy term, which separates assessment collections from credit of insurance companies and mitigates financial impact on insurers

History of Assessments – Proven Mechanism

- FIGA has the authority to levy Regular and Emergency Assessments for its “All Other Account”, which includes property insurers
 - FIGA’s assessment process has been proven, with a Regular Assessment levied 13 times and an Emergency Assessment levied 6 times since 1992 in the total amount of approximately \$2.4 billion
 - Assessments remitted as collected
- Currently FIGA’s All Other Account has two Regular Assessments outstanding securing outstanding bank loans
 - 1.30% Regular Assessment levied from July 1, 2022 through June 30, 2023
 - 0.70% Regular Assessment levied from January 1, 2023 through December 31, 2023
- Additionally, OIR has issued the order for a 1% Emergency Assessment levy starting October 1, 2023, that will remain in place until the 2023A Bonds mature or are defeased

Year	Regular	Emergency	Total	Events
2023	0.700%	1.000%*	1.700%	Litigation/Hurricane Ian
2022	1.300%	-	1.300%	Litigation/Roof Claims/Hurricane Irma
2021	0.700%	-	0.700%	Litigation/Hurricane Irma
2012	0.900%	-	0.900%	Sinkholes
2009	0.800%	-	0.800%	
2007	2.000%	-	2.000%	8 Hurricanes in 2 Years
2006	2.000%	2.000%	4.000%	

Year	Regular	Emergency	Total	Events
2002	1.000%	-	1.000%	
1997	0.125%	0.123%	0.248%	
1996	0.125%	2.000%	2.125%	
1994	0.750%	2.000%	2.750%	Hurricane Andrew
1993	1.000%	2.000%	3.000%	
1992	2.000%	2.000%	4.000%	

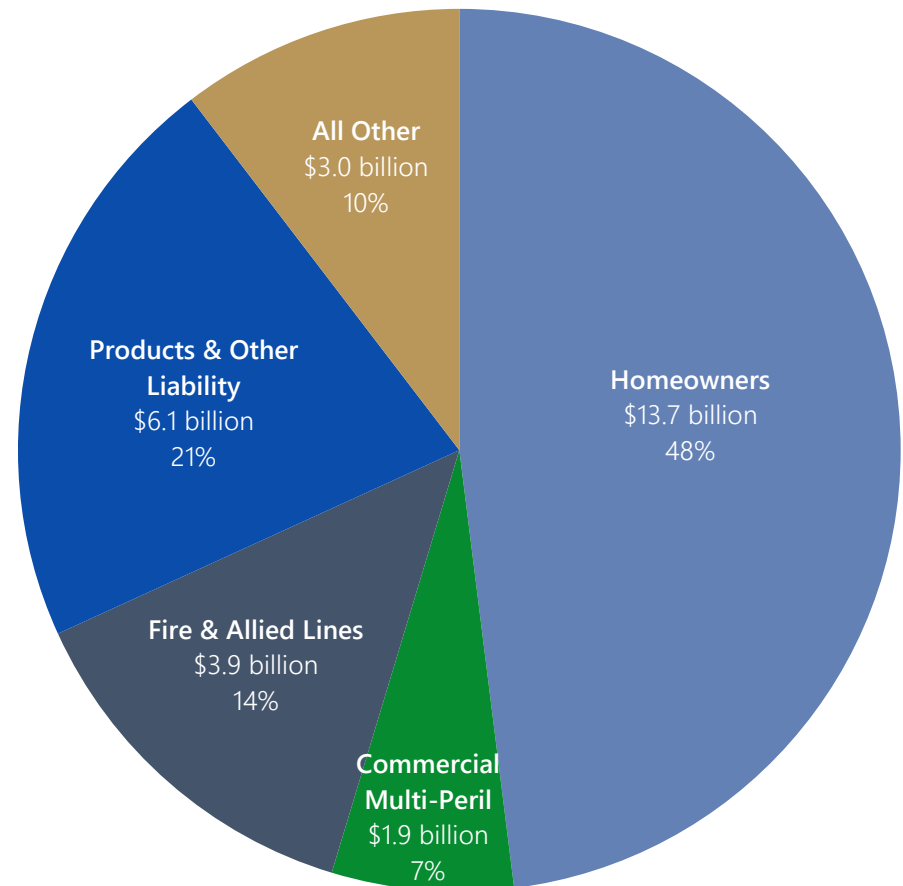
* Effective October 1, 2023

Strength of Assessment Base

- FIGA has statutory authority to levy assessments on a broad range of insurable lines
- FIGA's 2022 assessment base totaled \$28.6 billion
 - Maximum 4% Emergency Assessment would provide approximately \$1.1 billion in assessments per year conservatively assuming no growth in the assessment base

Composition of 2022 Assessment Base – \$28.6 billion

2022 Insurable Lines Subject to FIGA Assessment <i>(millions of dollars)</i>	
Insurable Lines	Premium
Homeowners Multiple Peril	\$13,743
Commercial Multiple Peril (Non-Liability)	1,108
Commercial Multiple Peril (Liability)	796
Fire	863
Allied Lines	3,003
Other Liability - Occurrence	4,900
Other Liability - Claims-Made	1,105
Products Liability	131
Aircraft (All Perils)	228
Boiler and Machinery	81
Burglary and Theft	23
Earthquake	8
Farmowners Multiple Peril	24
Inland Marine	1,995
Medical Malpractice	482
Private Crop	1
Private Flood	131
Total	\$28,622



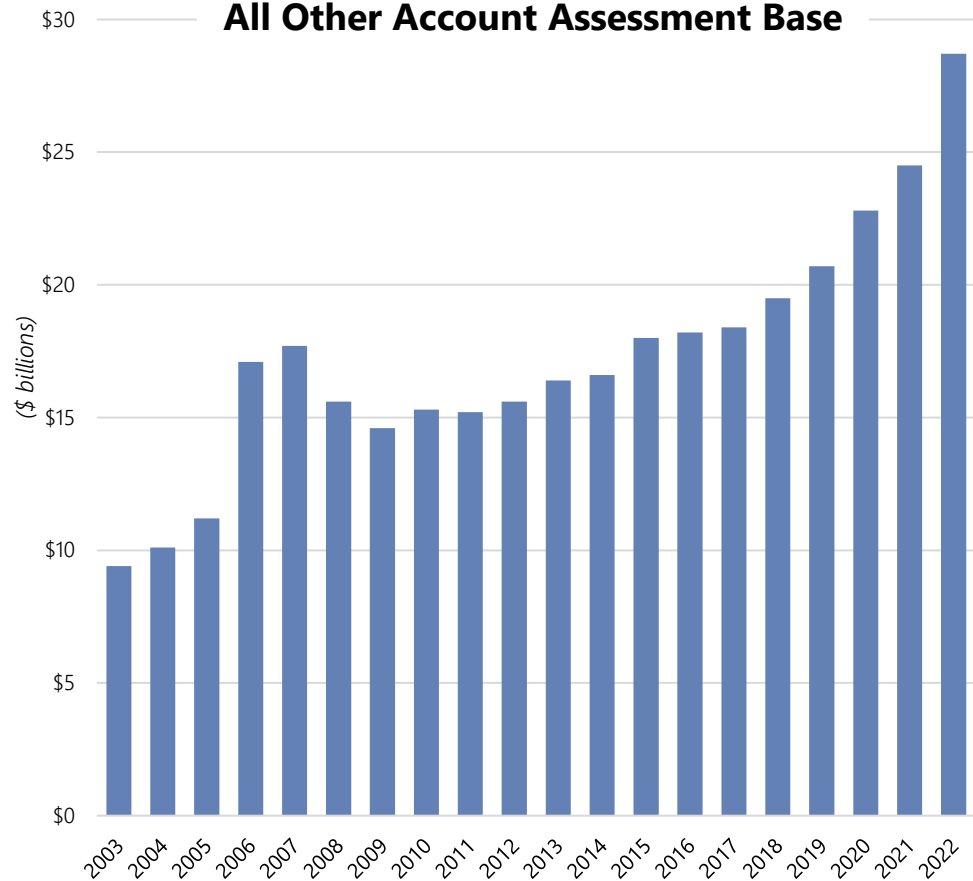
Stability and Growth of Assessment Base

FIGA Assessment Base

(\$ billions)

Premium Year	Private Carriers	Citizens	Total Premiums	Annual % Change	Maximum Assessment	Annual Assessment Capacity
2003	\$9.4	-	\$9.4	-	4%	\$0.4
2004	10.1	-	10.1	7%	4%	0.4
2005	11.2	-	11.2	12%	4%	0.4
2006	13.6	3.4	17.1	52%	4%	0.7
2007	14.0	3.7	17.7	4%	4%	0.7
2008	12.8	2.8	15.6	-12%	4%	0.6
2009	12.5	2.2	14.6	-6%	4%	0.6
2010	12.7	2.6	15.3	5%	4%	0.6
2011	12.1	3.1	15.2	-1%	4%	0.6
2012	12.5	3.2	15.6	3%	4%	0.6
2013	13.7	2.8	16.4	5%	4%	0.7
2014	14.5	2.1	16.6	1%	4%	0.7
2015	16.7	1.3	18.0	8%	4%	0.7
2016	17.2	1.0	18.2	1%	4%	0.7
2017	17.5	0.9	18.4	1%	4%	0.7
2018	18.6	0.9	19.5	6%	4%	0.8
2019	19.8	0.9	20.7	6%	4%	0.8
2020	21.6	1.2	22.8	10%	4%	0.9
2021	22.7	1.8	24.5	8%	6%	1.5
2022	25.7	3.0	28.6	17%	6%	1.7

All Other Account Assessment Base



- FIGA's assessment base has grown 55% over the last 5 years, 83% over the last decade and more than tripled since 2003
- In 2020 legislative session, FIGA's maximum Emergency Assessment authority for the "All Other Account" was increased from 2% to 4%, bringing total assessment authority to 6% (4% Emergency Assessment and 2% Regular Assessment)
- Based on the 2022 assessment base, FIGA has a total annual assessment capacity of approximately \$1.7 billion

Series 2023A Summary

- \$150 million 2023A Bond Anticipation Notes (“Series 2023A BANs”) were issued in April 2023 as an interim financing prior to issuance of the long-term bonds secured by the proceeds of the bonds and by the 1% Emergency Assessment in order to pay claims on an expedited basis
- In June, FIGA plans to issue the 2023A bonds in the aggregate amount of approximately \$600 million* to repay the 2023A BANs, fund capitalized interest, pay costs of issuance, and pay Covered Claims
- The 2023A bonds will be secured by a 1% Emergency Assessment, which is projected to generate approximately \$286 million of Pledged Revenues annually based on the 2022 emergency assessment base of \$28.6 billion
- The financing is expected to be structured with a short-term fixed rate component of 3-5 years and a variable rate component with a final maturity not exceeding 10 years
- State is providing direct support via internal liquidity for the variable rate bonds through a no-cost revolving Standby Bond Purchase Agreement from the Florida Treasury
- Additional Bonds Test of 1.25x of Maximum Annual Debt Service – calculated based on Pledged Revenues that would be generated by all pledged assessments that are currently ordered to be levied by OIR at the time of issuance

Security Provisions & Flow of Funds

▪ Pledged Revenues

- Emergency Assessments, bond proceeds (until spent to pay claims), and investment income

▪ Covenants

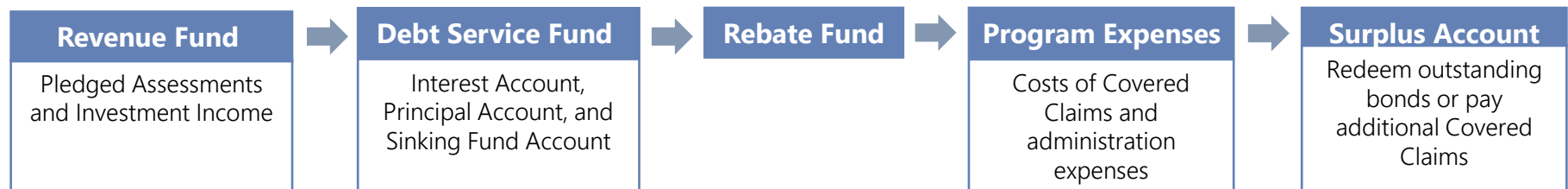
- FIGA covenants to certify assessments to OIR in sufficient amounts to timely and fully pay all debt service
- OIR covenants to levy assessments as certified by FIGA in order to pay debt service, and to enforce nonpayment of assessments by insurers
- No ability to leverage Emergency Assessments other than in connection with Bonds issued under the indenture

▪ Additional Bonds

- FIGA must comply with 1.25x Additional Bonds Test and OIR must have issued order imposing Emergency Assessments to secure additional bonds

▪ Flow of Funds

- Gross pledge of Emergency Assessments, with any excess pledged revenues flowing to Surplus Account to be used only to pay Covered Claims or to redeem outstanding bonds



Outstanding & Prior Debt

- In 2022, FIGA entered into two short-term taxable bank loans to fund claims payments, secured by separate Regular Assessments. The bank loans have no lien on Emergency Assessments
 - 2022A Bank Loan – \$250 million loan incurred in April 2022 with principal installments due quarterly from December 2022 through December 2023. Secured by a 1.3% Regular Assessment. Approximately \$50 million of the 2022A Bank Loan is currently outstanding
 - 2022B Bank Loan – \$150 million loan incurred in August 2022 with principal installments due quarterly from June 2023 through September 2024. Secured by a 0.70% Regular Assessment. Approximately \$125 million of the 2022B Bank Loan is currently outstanding
- The 2023A BANs were issued in April 2023 with a par amount of \$150 million – will be repaid with a portion of the proceeds of the 2023A Bonds. Proceeds of the 2023A BANs are being used to pay Covered Claims of insurers that went insolvent due to hurricanes
- FIGA's only previous bond transaction was \$472.6 million of tax-exempt bonds issued through the City of Homestead in 1993 to fund claims for insolvencies resulting from the impacts of Hurricane Andrew
 - The 1993 bonds were secured by Emergency Assessments. The bonds had an original final maturity in 2003, but were fully defeased in 1997

Pro-Forma Debt Service & Coverage

- The 2023A Bonds will be structured to provide \$600 million of net funds to FIGA. Structure will be determined at the time of pricing
- The structure and pro-forma debt service shown below is for illustrative purposes. This scenario results in \$600 million* in total par, consisting of fixed rate bonds of \$447 million* (75%) and variable rate bonds of \$153 million* (25%)
- Remaining Pledged Revenues after payment of debt service on the 2023A-1 Bonds and interest on the 2023A-2 Bonds (Variable Rate) is expected to be used to redeem outstanding 2023A-2 Bonds (Variable Rate) prior to maturity or to pay additional Covered Claims

Illustrative Pro-Forma Debt Service Coverage						
Bond Year	Pledged Revenues (1)	Series 2023A Bonds (2)			Estimated Debt Service Coverage	Remaining Pledged Revenues (4)
		Principal	Interest (3)	Debt Service		
9/1/2024	\$178.4	\$ 74.9	\$13.8	\$ 88.7	2.01x	\$ 89.7
9/1/2025	285.8	118.1	24.7	142.8	2.00x	143.0
9/1/2026	285.8	124.0	18.8	142.8	2.00x	143.0
9/1/2027	285.8	130.2	12.6	142.8	2.00x	143.0
Total		\$447.2	\$70.0	\$517.2		\$518.8

- (1) Represents estimated Pledged Revenues generated by the 1% Emergency Assessment securing the 2023A Bonds and is based on the 2022 assessment base, which is held constant in future years. The pledged 1% Emergency Assessment will remain in place until the 2023A Bonds are no longer outstanding. Due to collection timing, the first bond year does not represent a full year of assessment collections.
- (2) Estimated principal maturities shown in this table are for illustrative purposes only based on a representative structure. For this illustration, it has been assumed that principal on the 2023A-1 Bonds will be paid annually from 9/1/2024 through 9/1/2027. Interest shown also includes estimated interest on the 2023A-2 Bonds (Variable Rate) of approximately \$6.1 million per year. The assumed \$152.8 million of 2023A-2 Bonds (Variable Rate) are expected to be redeemed prior to maturity using excess annual Pledged Revenues.
- (3) Estimated interest on the 2023A-1 Bonds has been calculated at 5%. Estimated interest on the 2023A-2 Bonds (Variable Rate) has been calculated at 4%. Illustrative debt service in the Bond Year ending 9/1/2024 is net of capitalized interest.
- (4) Remaining Pledged Revenues after payment of debt service on the 2023A-1 Bonds and interest on the 2023A-2 Bonds (Variable Rate) is expected to be used to redeem outstanding 2023A-2 Bonds (Variable Rate) prior to maturity or to pay additional Covered Claims.

State Liquidity Support

- The State Treasury has committed to provide a revolving standby bond purchase agreement to support the 2023A-2 Bonds
- As of April 30, 2023, the State Treasury's total portfolio market value was approximately \$67.5 billion
 - Commitment amount equals principal amount of bonds outstanding in weekly mode plus 35 days interest at 8%
 - Liquidity support will be provided at no-cost, and the interest charged in the event Treasury holds the debt following a failed remarketing will be equal to SOFR plus 50-100 basis points
 - Term of the Standby Bond Purchase Agreement will match final maturity of Series 2023A-2 Bonds, but can terminate earlier if no variable rate bonds remain outstanding or if an event of termination occurs
- Events of Termination
 - Termination without notice:
 - Non-payment of debt service
 - Ratings on the bonds fall below Baa3
 - Invalidity of the bonds
 - Termination with advance notice to bondholders:
 - False representations/warranties, breach of covenants or default under Liquidity Agreement or other Bond Documents
 - Invalidity of Liquidity Agreement or Bond Documents
 - Substitution of Liquidity Agreement
 - State insolvency

Conclusion

- **Essentiality**

- FIGA is a longstanding statutory entity created to provide for the orderly and timely payment of claims from insolvent insurers
- Integral part of a regulated marketplace

- **Strength of Assessment Mechanism**

- Assessment functions like an insurance premium tax – comparable to a tax on an array of insurable lines
- Emergency Assessment provides a powerful tool with significant capacity for paying or financing claims from insolvent insurers
- Stable, durable, and growing statewide assessment base (10-year compound annual growth rate of 6.25%)
 - 1% Emergency Assessment pledged to 2023A Bonds - Emergency Assessment authority of up to 4% provides significant coverage. Regular Assessments up to 2% can also be pledged
- Assessment mechanism has been used routinely to provide funding for the timely settlement of insured claims

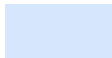

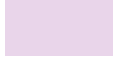
- **Strong Statutory and Indenture Protections for Bondholders**

- Covenants by OIR and FIGA to levy and enforce assessments and to increase Emergency Assessment up to maximum amount permitted by law (currently 4%) to ensure timely payment of debt service, if needed
- Statutory non-impairment provisions
- Limited liabilities (per policy limits on Covered Claims and ability to prorate claims, if sufficient funds are unavailable)
- FIAIA's authority to issue bonds and pledge assessments as security for bond has been validated
- Assessments paid directly to FIGA as collected by policyholders by insurers and deposited in a segregated account for transfer to Trustee
- Strong additional bonds test of 1.25x maximum annual debt service and order imposing Emergency Assessment must have been issued

Preliminary Financing Schedule and Contacts

June 2023						
Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

July 2023						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

-  Post POS and Investor Presentation
-  First Potential Pricing*
-  Holiday



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Please contact any of the team members listed above for questions regarding this presentation. Investors wishing to schedule a 1x1 call should contact Nathaniel Johnson at nathaniel.e.johnson@bofa.com