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STATE OF FLORIDA

ANNUAL UPDATE ON ECONOMY, BUDGET, & DEBT

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OVERVIEW

Economy

- Florida's economy continues to grow and economic activity remains strong, with continued population growth, increasing tourism, and employment gains that outpace the nation

Revenues and Budget

- Florida has seen strong and sustained revenue growth, with General Revenues ("GR") collections increasing by 66% since FY 2018, reaching a record level of \$51.9 billion in FY 2026 and expected to grow to \$52.3 billion in FY 2027
- FY 2027 Budget continues to demonstrate prudent financial management, with decreased spending and structurally sound budget – recurring revenues expected to exceed recurring expenditures by \$3.0 billion in FY 2027

Reserves

- Florida prioritizes building and maintaining strong reserves to provide flexibility for the State to manage financial contingencies
- General Fund Reserves are expected to total \$16.3 billion or 31.4% of GR for FY 2026, and projected to be \$16.0 billion or 30.6% of GR for FY 2027; remaining at historically high levels
- Total Reserves expected at \$18.7 billion or 36.1% of GR for FY 2026 and projected \$18.1 billion or 34.5% of GR in FY 2027
- BSF has increased to approximately \$5.0 billion in FY 2027

Pension Funding

- The State has fully funded the actuarially determined contribution for 14 straight years and funded ratio remains strong; 82.3% based on actuarial value of assets and 96.8% based on current market value of assets

Debt

- Total debt outstanding of \$14.1 billion in FY 2026, down 50% since peak in FY 2010. Tax-supported debt reduced by \$1.3 billion in FY 2026 to \$8.7 billion – over 50% reduction since FY 2018
- Benchmark debt ratio estimated at 2.19% in FY 2026 and has remained under the 6% target for 13 consecutive years
- Debt Reduction Program: \$1.5 billion appropriated in FY 2024 to FY 2026 and additional \$250 million appropriated in FY 2027 to paydown State bonds to realize debt service savings and reduce State's outstanding debt

Property Insurance

- The longstanding mechanisms to support the Florida insurance market are well-capitalized and functioning as intended
- Florida's property insurance market is healthy and continues to grow with private insurers returning to the Florida market following tort reform

SECTION 1

FLORIDA'S ECONOMY

ECONOMY HIGHLIGHTS

Population

- Population growth remains strong, net migration surpassed 400,000 in FY 2022 and continues to remain high, with 340,000 in FY 2026
- In the next five years, population is expected to increase by 1.4 million (6%) - an annual addition of 290,000 to reach 24.8 million by 2031

Tourism

- Tourism rebounded to above the pre-pandemic level in FY 2022 and reached 143.1 million visitors in FY 2026, the highest year for tourism in Florida to date
- Domestic tourism reached an all time high in FY 2026 and is expected to grow by 13% in the next five years
- Based on length of stay and spending patterns, tourist purchases of goods and services are equivalent to 2.2 million full time residents – adding nearly 10% to the economy

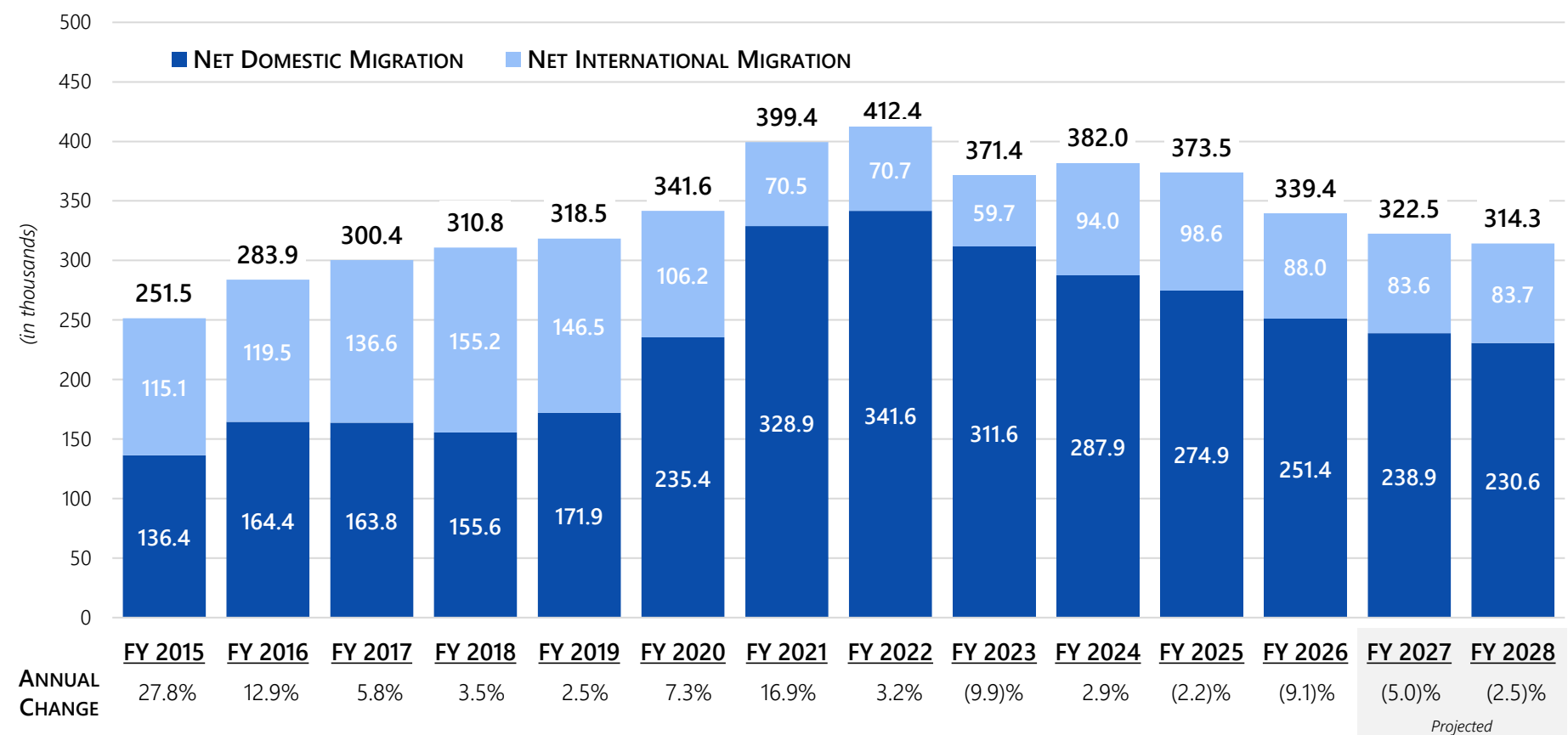
Employment and Income

- Total non-farm employment is 10.7% above the pre-pandemic peak, compared to the national level increase of 4.7%
- Income per capita has surpassed the national average and is the highest among sunbelt states

Housing

- Real estate values soared in 2022 and 2023, resulting in property tax roll growth of 20% and 15%, respectively before stabilizing the following year.
- Housing starts slowed to levels closer to pre-pandemic and are expected to remain stable over the forecast horizon

FLORIDA NET MIGRATION



- Domestic net migration almost doubled between FY 2019 and FY 2021 due to a decrease in out-migration and increase in in-migration, more than offsetting the decline in international migration that began in FY 2019
- Net migration peaked at 412,400 in FY 2022 (1,130 per day)
- International net migration accounts for 1 out of every 4 migrants as compared to the 1 out of 2 ratio experienced pre pandemic, and is expected to remain at around 85,000 annually for the next five years
- Decreasing gradually, net migration is expected to average 304,000 annually through FY 2031, resulting in 6% in total population growth over the next 5 years

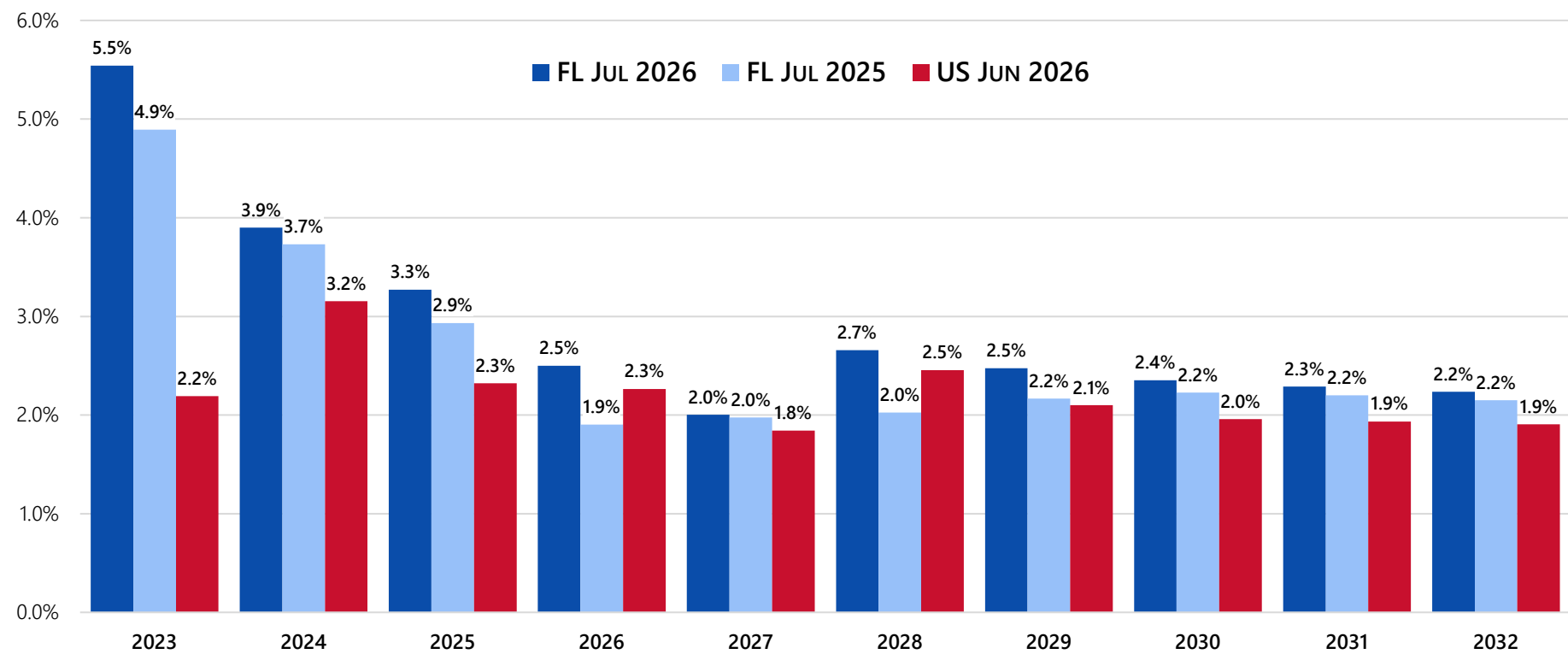
FLORIDA TOURIST VISITORS



- In the 5 years prior to the pandemic, tourism grew at an average annual rate of 6.1%, peaking at 128.4 million visitors in FY 2019
- After a pandemic-driven slowdown, tourism snapped back and exceeded the pre-pandemic peak in FY 2022
- In FY 2026, Florida welcomed 143.1 million total tourists, the highest year for tourism in the state to date
- In FY 2026, domestic visitors exceeded the pre-pandemic peak by 13.7%. Although Canadian and overseas visitors are expected to remain below the pre-pandemic in the short-term, domestic tourism remains strong and drives the category
- Purchases of goods and services made by tourists are the equivalent to 2.2 million additional Florida residents, adding about 10% to Florida's economy

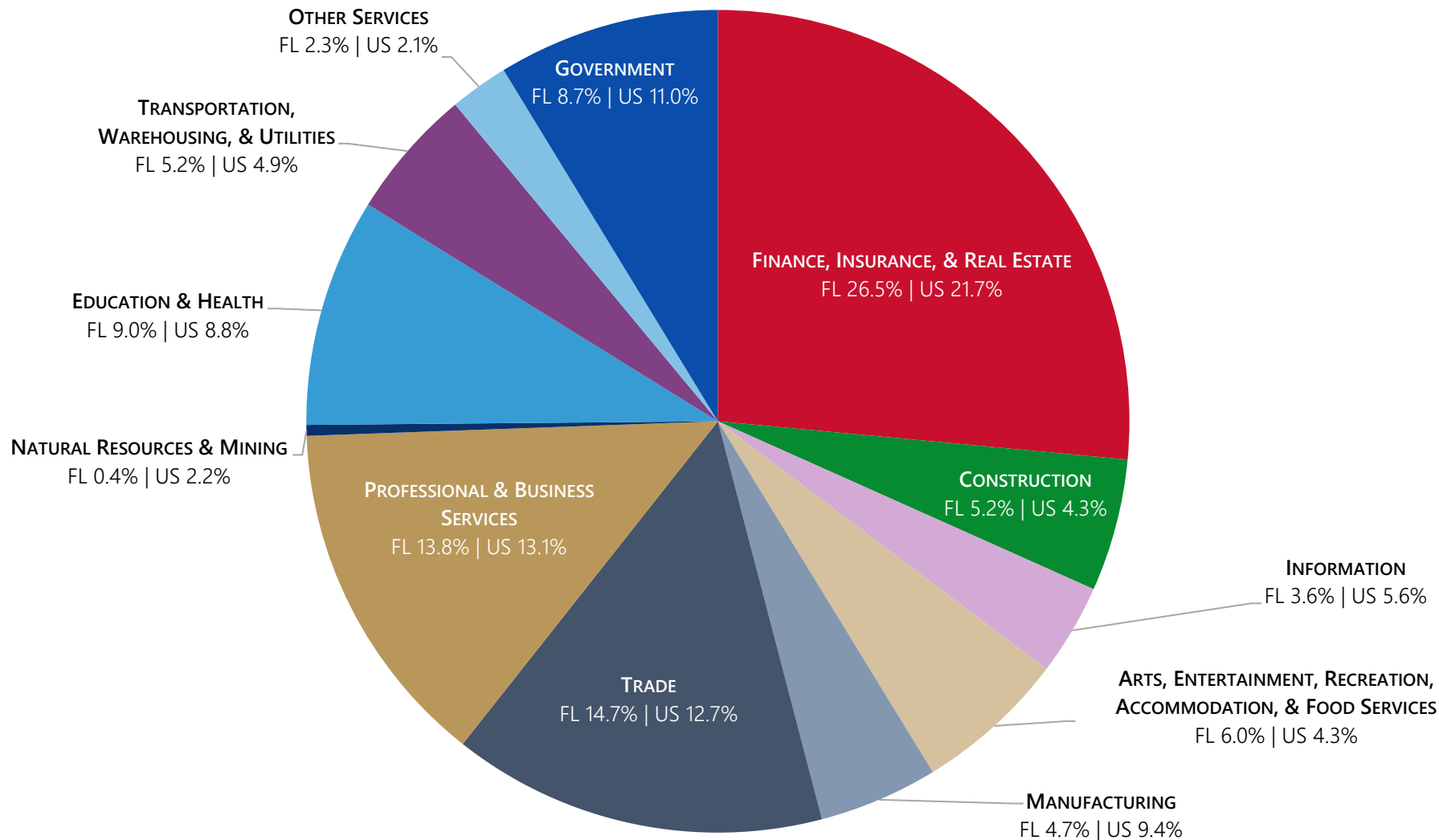
FLORIDA GDP

Real GDP Growth



- Real GDP in FY 2024, FY 2025, and FY 2026 trended significantly above prior forecast, delaying the slowdown into FY 2027 before rebounding to 2.7% in FY 2028
- Florida’s growth in real GDP consistently exceeds national growth during expansionary periods and is expected to outpace national growth by an average of 43 bps per year throughout the forecast horizon

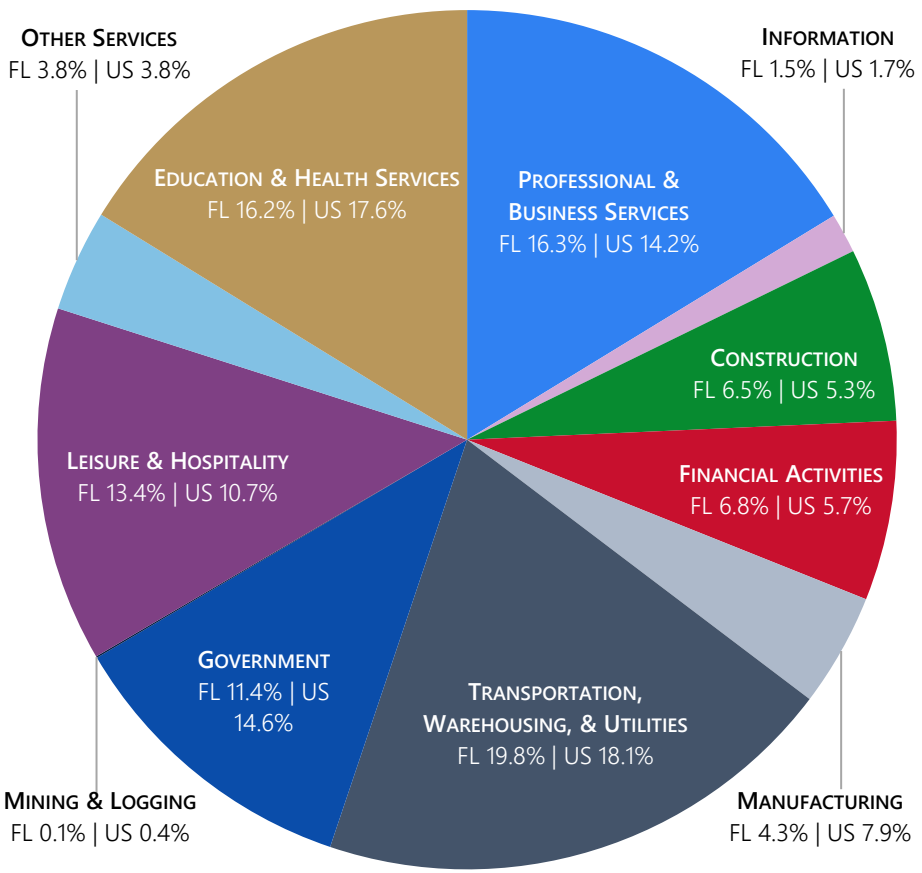
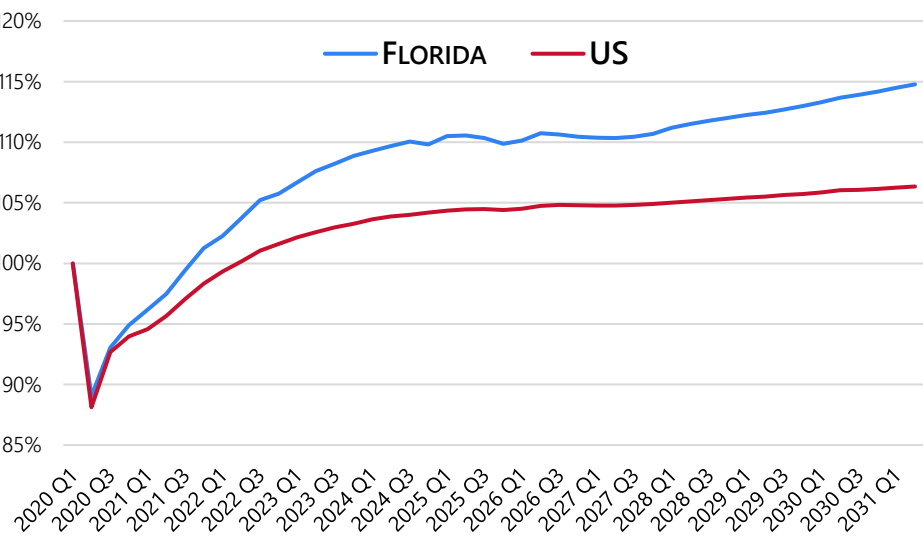
FLORIDA GDP – 2026 Q1



- Finance, Insurance, and Real Estate (“FIRE”) at 26.5% is the largest sector
- FIRE, Trade, and Professional & Business Services make up more than half of Florida’s GDP (55%)
- Leisure & Hospitality, a sector heavily impacted by tourism, accounts for just 6% of state GDP

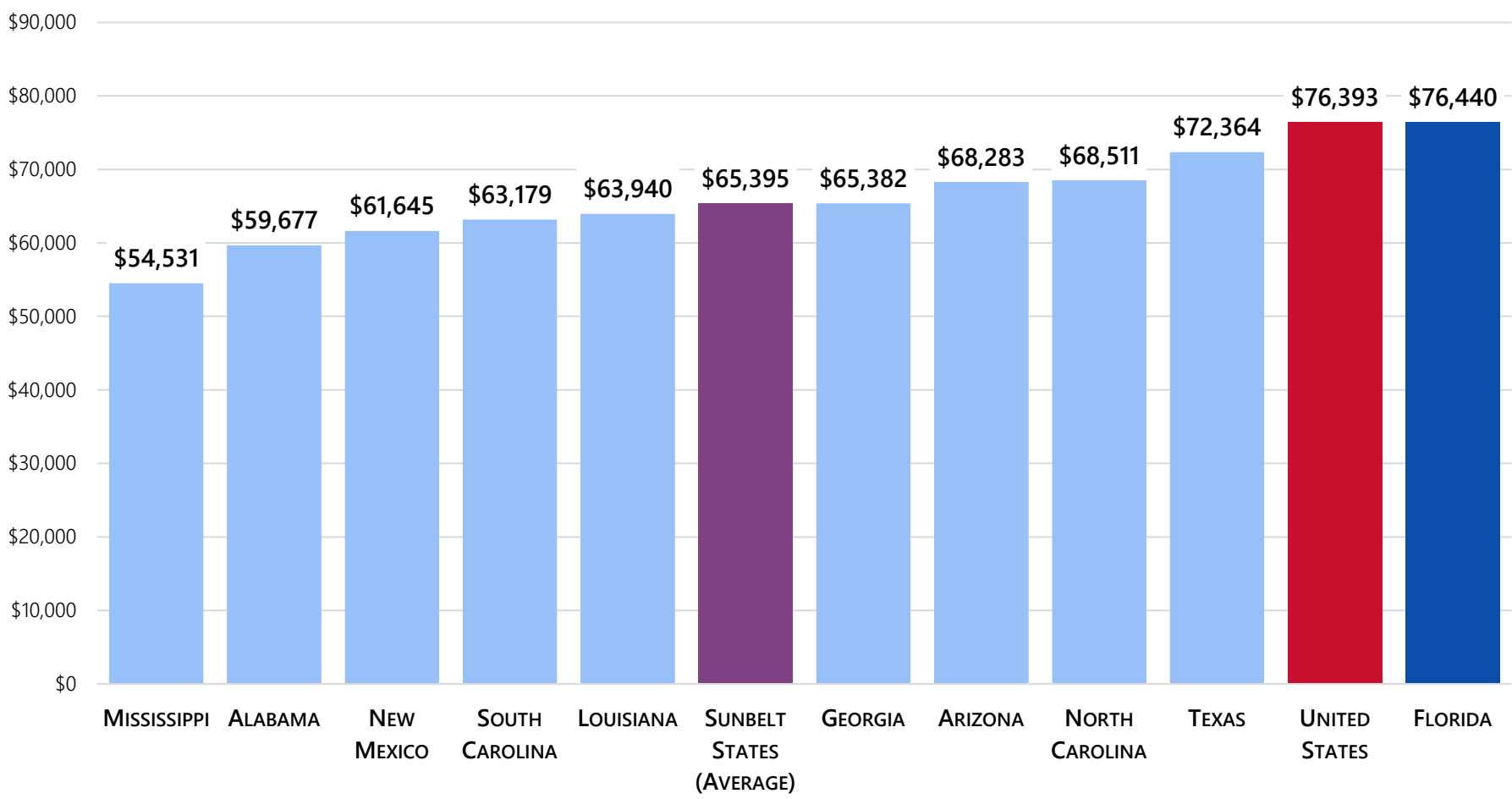
FLORIDA EMPLOYMENT – JULY 2026

EMPLOYMENT (2020 Q1 INDEXED)



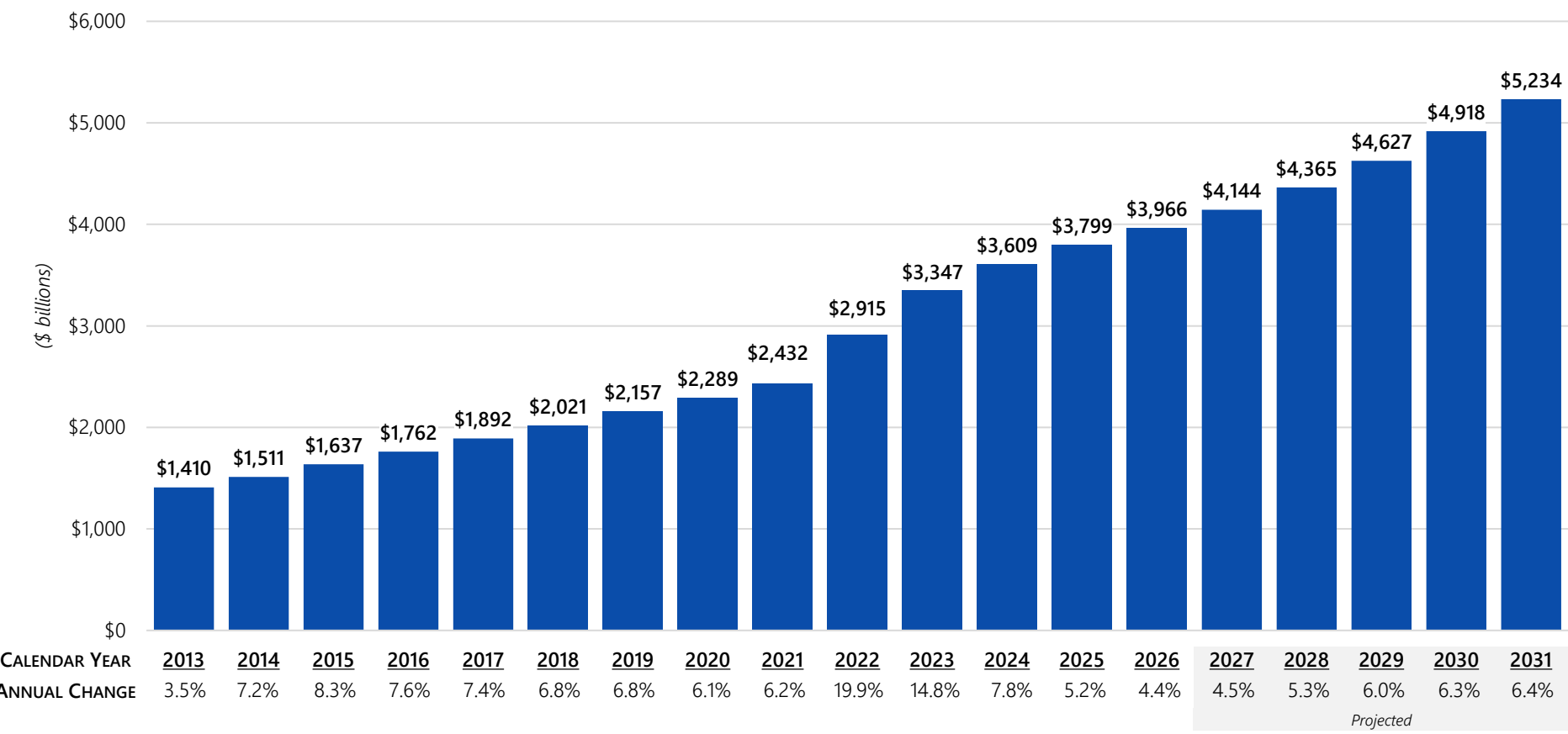
- Total non-farm employment is 10.7% above the pre-pandemic peak, compared to the national level increase of 4.7%
- The share of employees in the Trade, Professional & Business Services, Leisure and Hospitality, FIRE, and Construction sectors exceeds the US average
- Leisure & Hospitality sector – the 4th largest sector – employed approximately 1 in 8 Floridians
- Employment growth is projected to out-perform national employment growth through the next 5 years, as population continues to increase

SUNBELT STATE PER CAPITA PERSONAL INCOME – 2025



- Florida has the highest personal income per capita in the Sunbelt – 16.9% higher than the average of the other Sunbelt states
- Florida’s per capita personal income growth has outpaced the US over the past decade, resulting in Florida’s per capita personal income surpassing the US in 2025
 - Since 2018, Florida’s per capita income has increased by 50% while US has grown by 43%

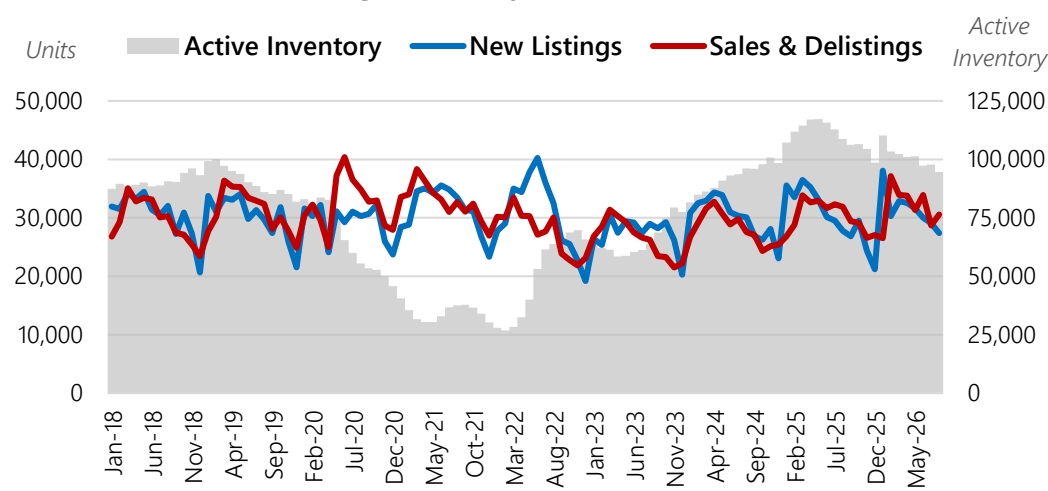
STATEWIDE PROPERTY TAX ROLL – SCHOOL TAXABLE VALUE



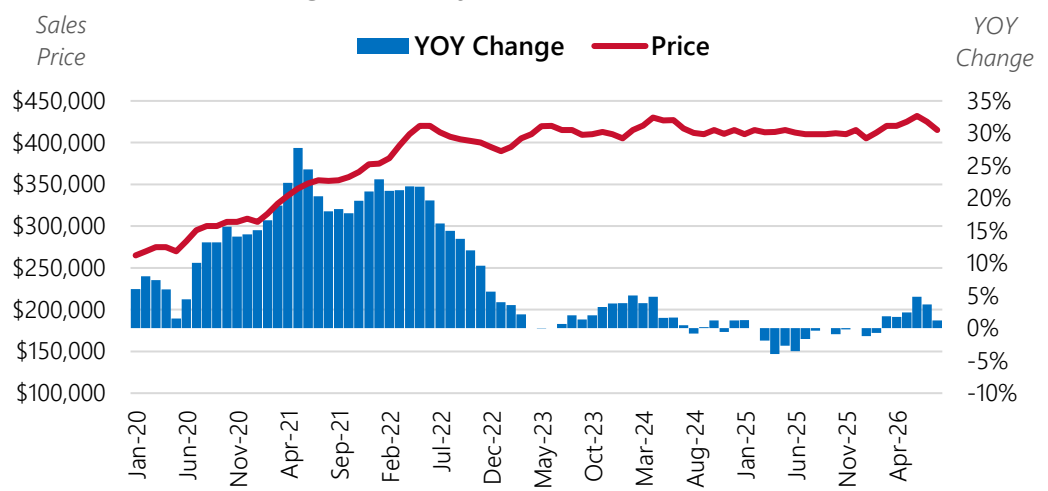
- The statewide property tax roll declined 25% between 2007 and 2012 and did not recover to the 2007 peak until 2017, 10 years later
- The 2022 tax roll growth of 20% is eclipsed only by the 2006 tax roll growth of 25%
- Starting with the 2026 tax roll, growth is expected to moderate to an average annual rate of 5.5% over the subsequent 5 years

FLORIDA REAL ESTATE MARKET

Single Family Market Stats

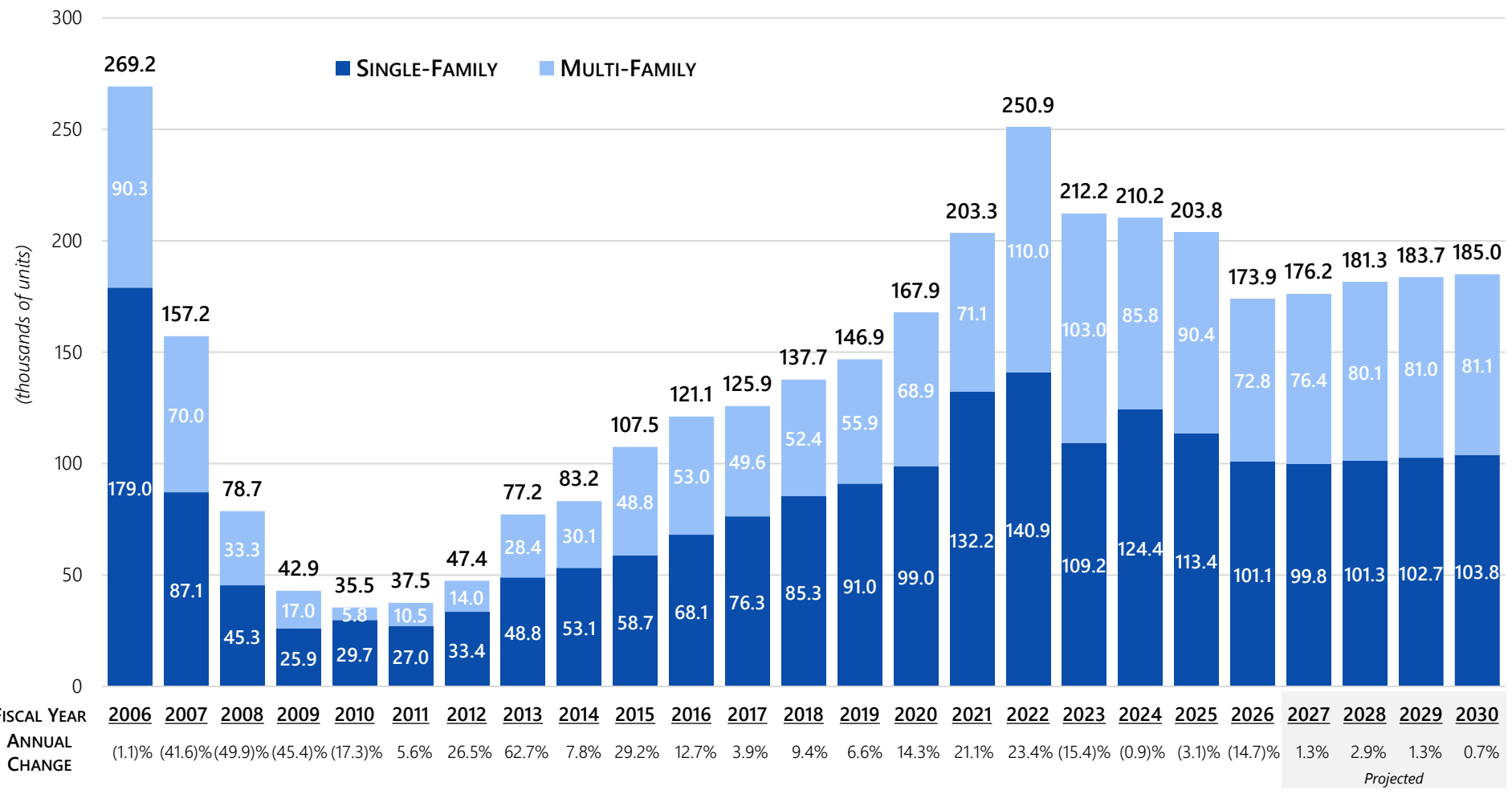


Single Family Median Sales Price



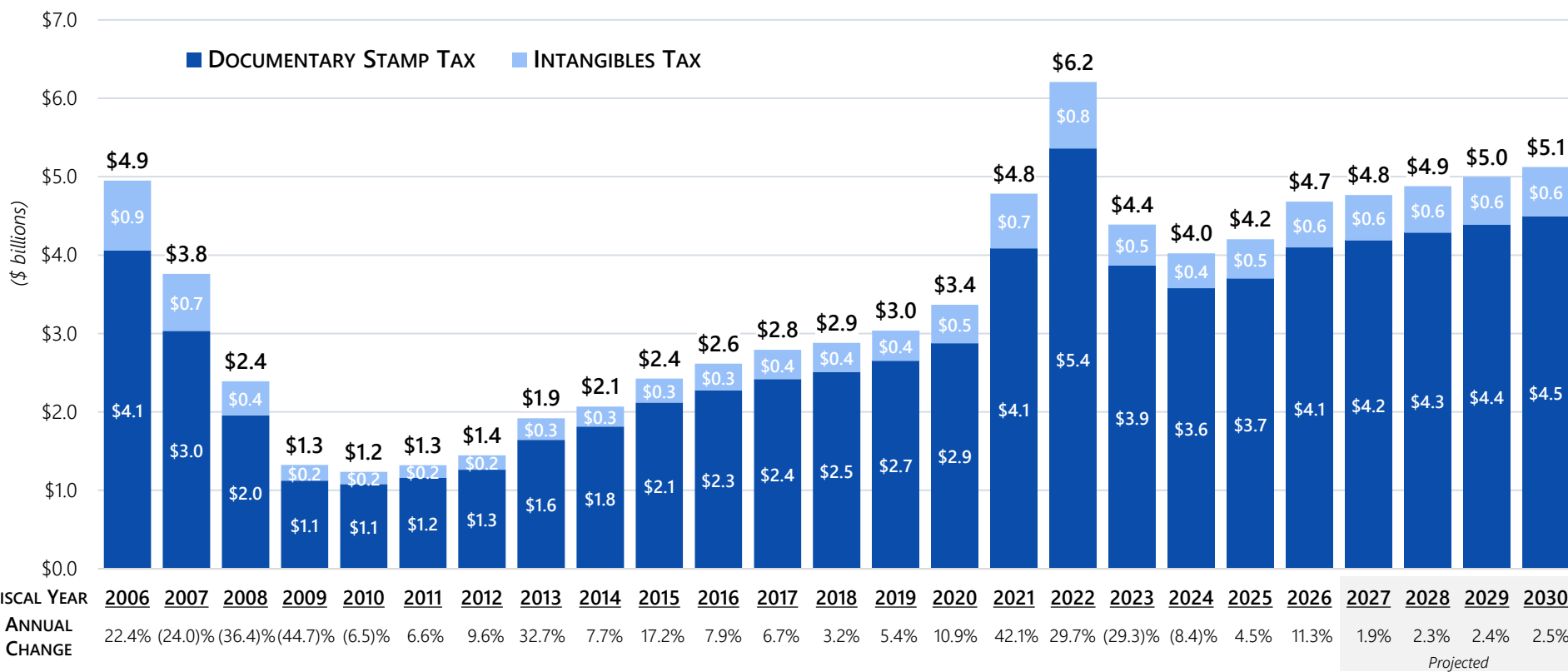
- In Spring 2020, sales of existing homes outpaced new listings, driving inventory from a healthy 3-5 months of sales volume to just about one month by March 2021 and remaining there until Spring 2022
- Consequently, median sales prices for existing homes accelerated sharply, causing the average price to soar by 53% from \$270,000 in May 2020 to \$420,000 by May 2022
- Beginning in May 2022, a slowdown in sales brought on by rising borrowing costs led inventories to increase back to a 3-5 month level and prices to drop slightly to \$389,000 by January 2023
- The slow inventory build-up beginning in the spring of 2023 reduced price pressures resulting in median sales prices to remain fairly stable the last three years in the \$405,000 to \$430,000 range

FLORIDA HOUSING STARTS



- Housing starts have retreated to a stable trend over the forecast horizon
- The 2022 pandemic peak almost equaled the 2006 peak in nominal terms. However, taking into consideration population growth, the 2022 peak of 6,400 starts per 1 million residents equates to 62% of the 2006 peak of 10,300 starts per 1 million residents

DOCUMENTARY STAMP & INTANGIBLES TAX COLLECTIONS



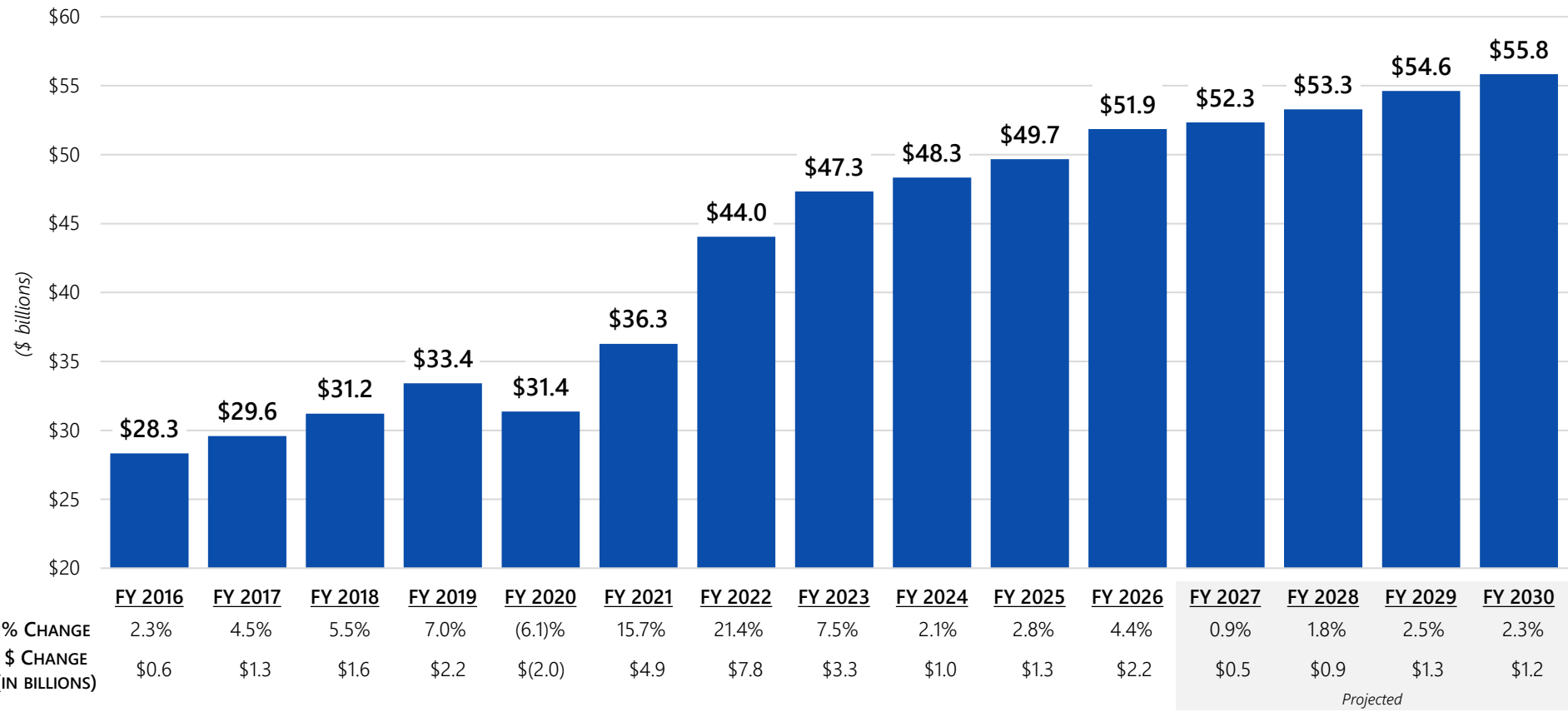
- Documentary Stamp Tax and Intangible Tax collections are a proxy for the health of Florida’s real estate market
- Documentary Stamp and Intangibles Tax collections of \$6.2 billion in FY 2022 exceeded the FY 2006 prior peak of \$4.9 billion by 25%, \$380,000 median sales price of a single-family home in FY 2022 was 53% higher than the FY 2006 price of \$248,000
- Low mortgage rates and a strong housing sector drove collections
- Collections dropped 29.3% in FY 2023 and 8.4% in FY 2024 as the real estate market adjusted to rising interest rates, but rebounded with annual growth of 4.5% in FY 2025 and 11.3% in FY 2026

SECTION 2

STATE REVENUES

GENERAL REVENUE COLLECTIONS

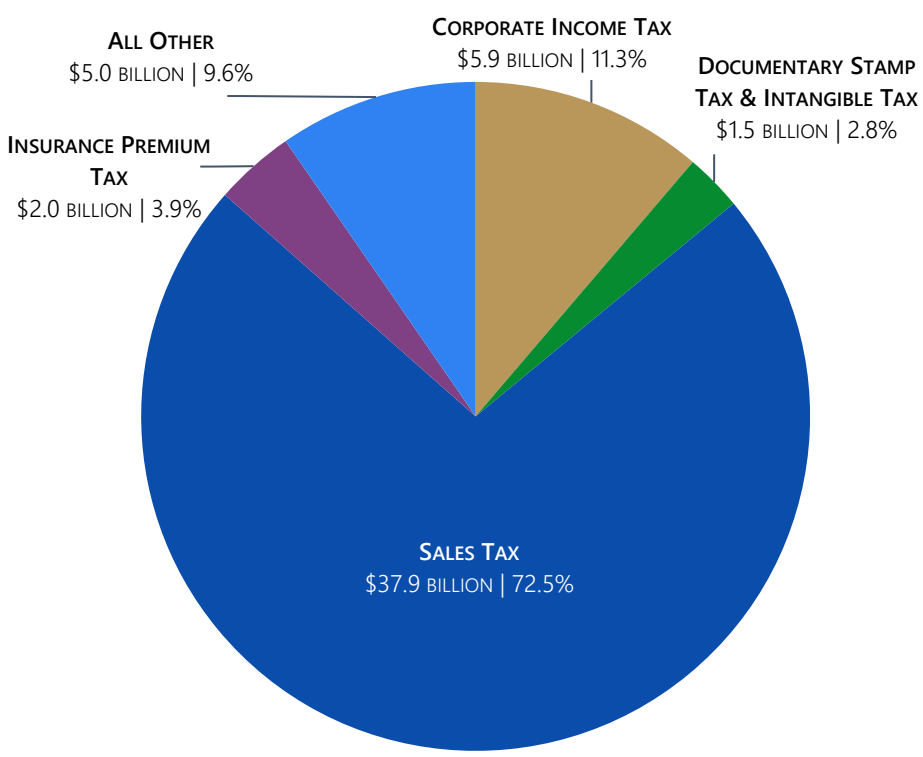
- Phenomenal growth in GR collections of 15.7% in FY 2021 and 21.4% in FY 2022
- FY 2024 and FY 2025 GR collections growth slowed but FY 2026 experienced growth of 4.4% and closed at \$1.4 billion above last year's projections
- Collections are projected to grow in the mid 2% range over the remainder of the forecast horizon despite historic tax cuts passed during the 2025 legislative session, which permanently reduced GR collections by over \$1 billion annually
 - Largest tax cuts were the repeal of the business rent tax (\$905 million recurring GR reduction) and permanent back-to-school sales tax holiday (\$172 million recurring reduction)



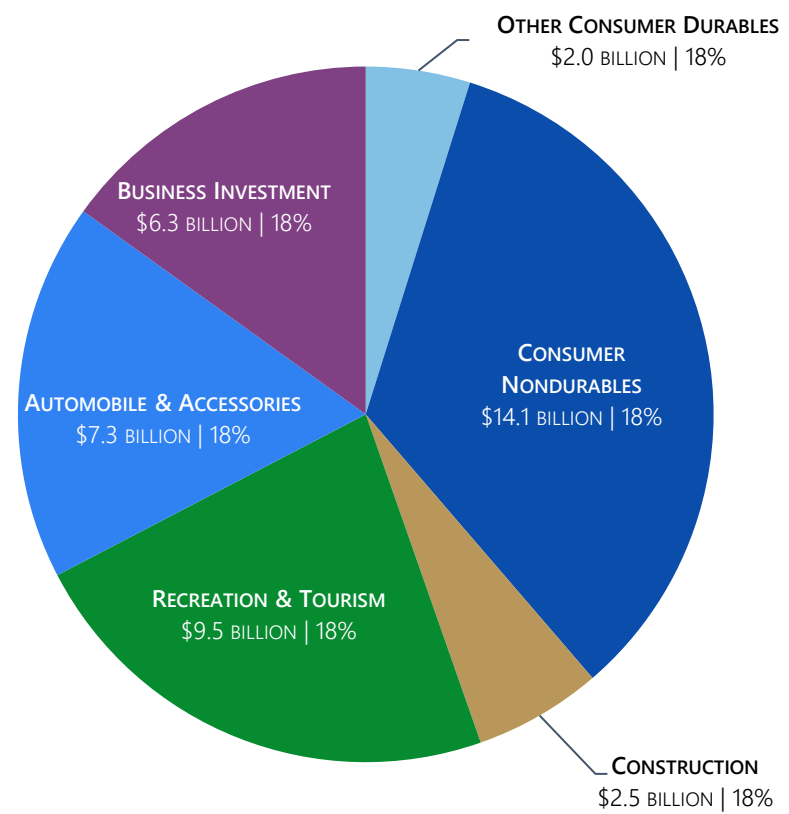
GENERAL REVENUE SOURCES & SALES TAX BREAKDOWN

- The four biggest drivers of the State's General Revenues are:
 1. Sales Tax
 2. Corporate Income Tax
 3. Documentary Stamp Tax & Intangibles Tax
 4. Insurance Premium Tax

FY 2027 GENERAL REVENUE SOURCES



FY 2027 SALES TAX BREAKDOWN



SECTION 3

FISCAL YEAR 2027 BUDGET

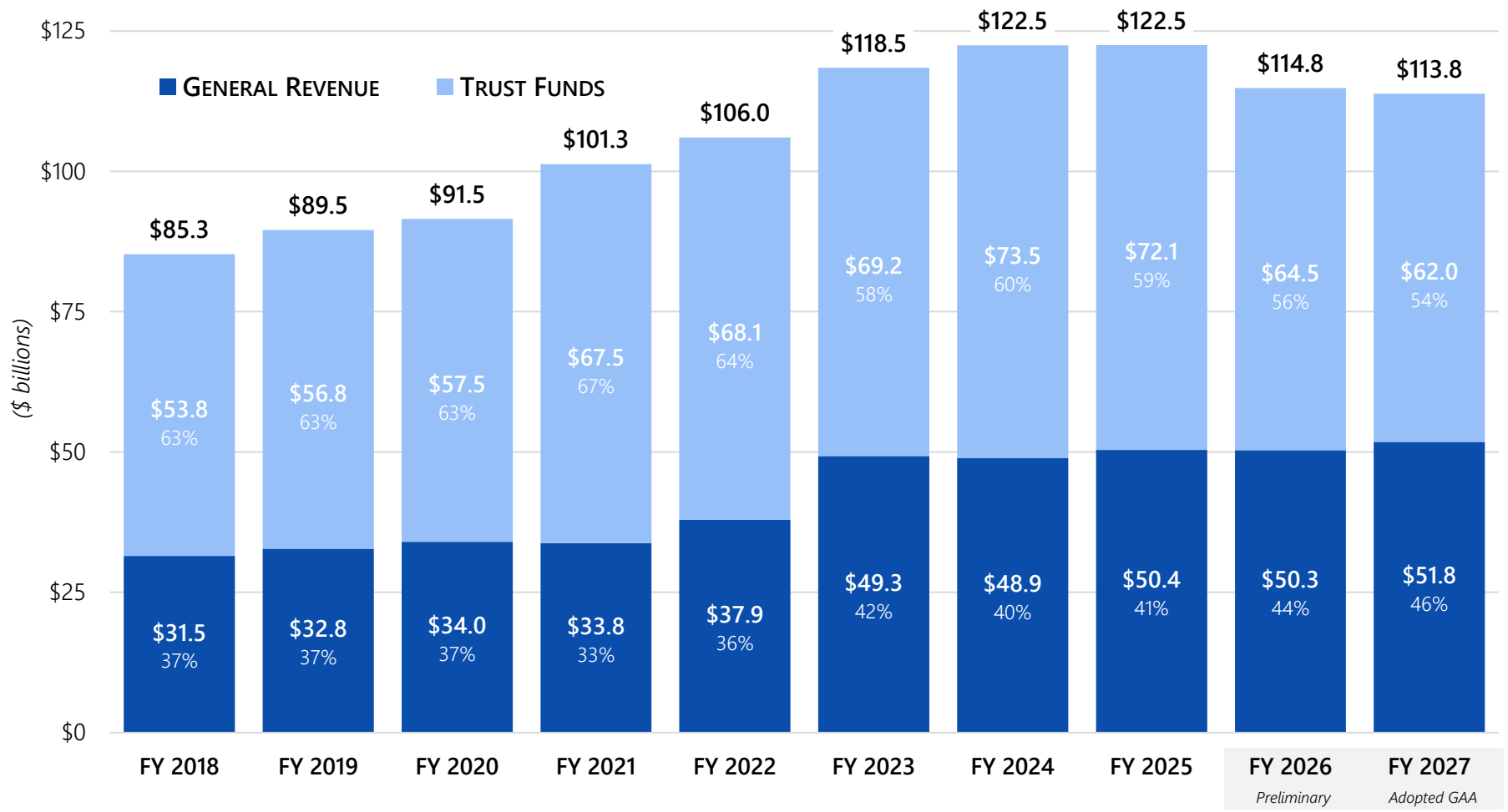
FISCAL YEAR 2027 BUDGET HIGHLIGHTS

Under Governor DeSantis' leadership, Florida has experienced eight years of conservative leadership built on fiscal discipline, strategic investments, and a commitment to making key investments in the state's future through Education, Environment, Public Safety, and Infrastructure initiatives, proactively paying down debt, and reducing the tax burden on Florida's families, and reducing state spending all while maintaining historic reserves.

The 2027 Budget:

- Maintains an overall increase in Education funding to support teachers and students
- Prioritizes Environmental investments through record support of Everglades restoration of more than \$665 million, and the protection of water resources, exceeding the Governor's \$3.5 billion goal over his second term by bringing the total investment to almost \$6 billion. Since taking office, he has secured almost \$9.5 billion for Everglades restoration and water quality
- Investments in infrastructure, public safety, healthcare, and affordable housing:
 - Prioritized funding of \$14.4 billion for the State Transportation Work Program to complete critical infrastructure projects
 - Record investment of over \$272 million to advance cancer research initiatives; more than \$73 million increase to support behavioral health services; and over \$209 million to serve seniors and support veterans
 - Over \$350 million for Affordable Housing initiatives, including \$50 million for the sixth year of the Hometown Heroes Housing Program, providing down payment assistance for educators, first responders, and other public servants
 - \$250 million to the Emergency Preparedness and Response Fund for the Governor to access during declared states of emergencies
- Transfer of \$118 million to the Budget Stabilization Fund to reach its constitutional limit of \$5 billion
- More than 50% of all tax-supported state debt accumulated since statehood has been repaid ahead of schedule, with Florida now on track to retire approximately 53.5% by end of FY 2027

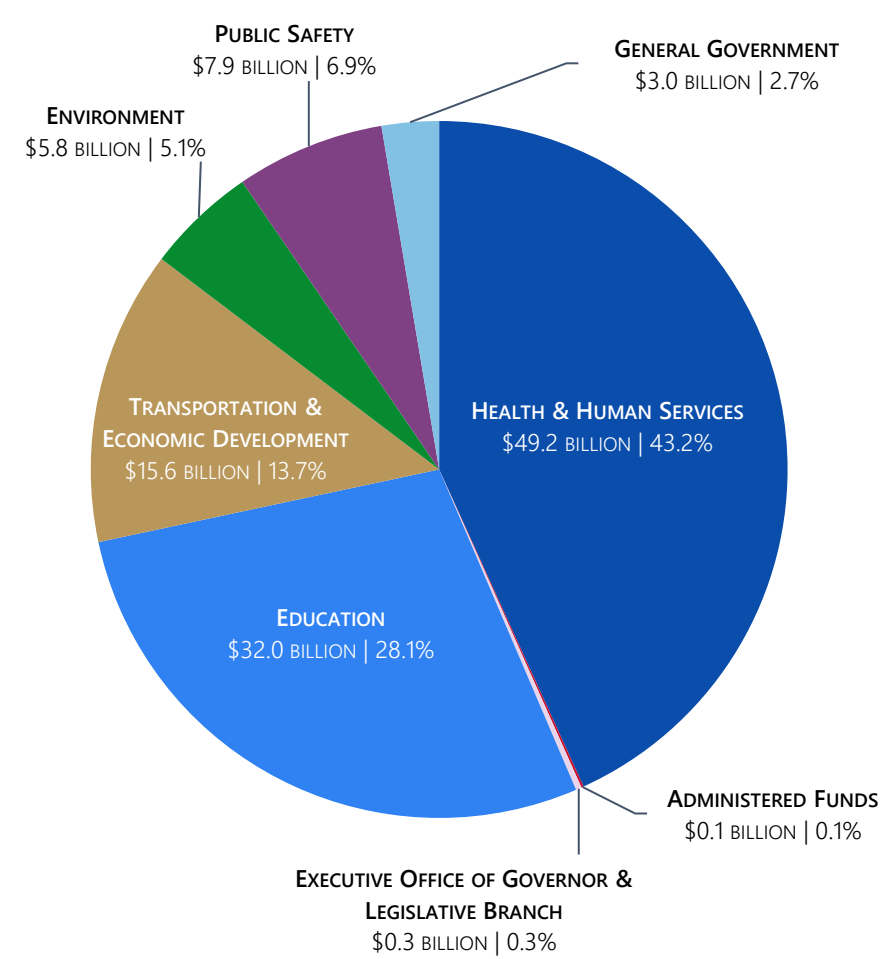
HISTORY OF TOTAL APPROPRIATIONS



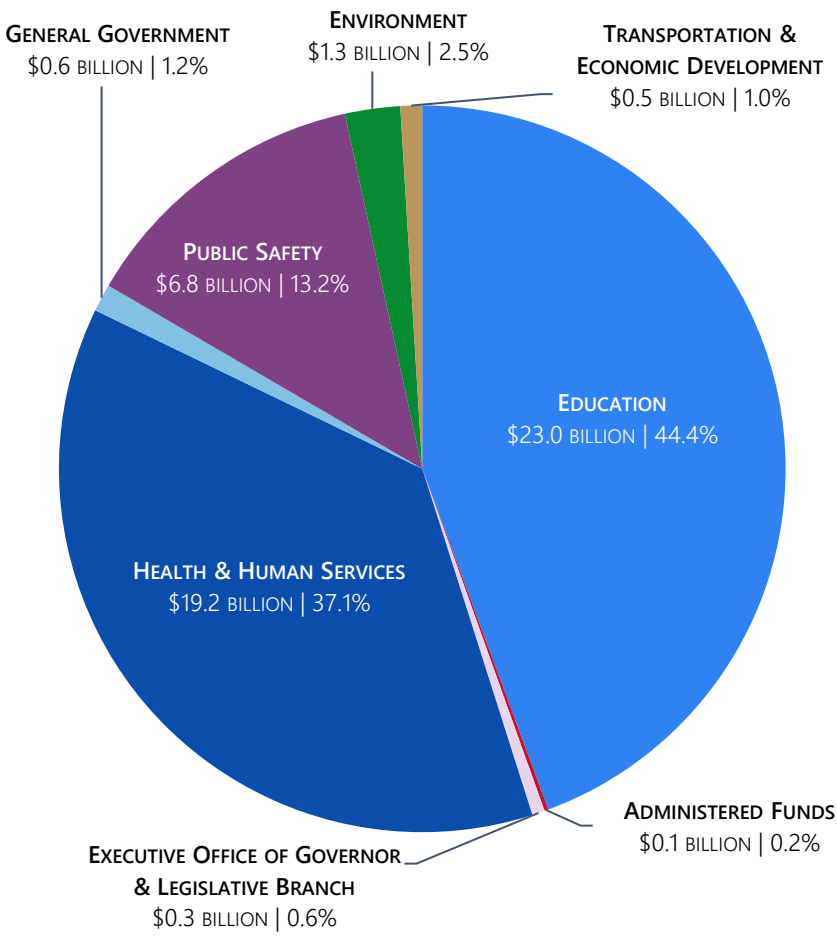
- FY 2027 appropriations total \$113.8 billion post vetoes, representing a \$1 billion decrease from FY 2026 appropriations of \$114.8 billion and a continuation of declining spending
- Majority of total State budget funded from Trust Funds (54% in FY 2027)

FISCAL YEAR 2027 BUDGET

TOTAL BUDGET - \$113.8 BILLION



GENERAL REVENUE - \$51.8 BILLION



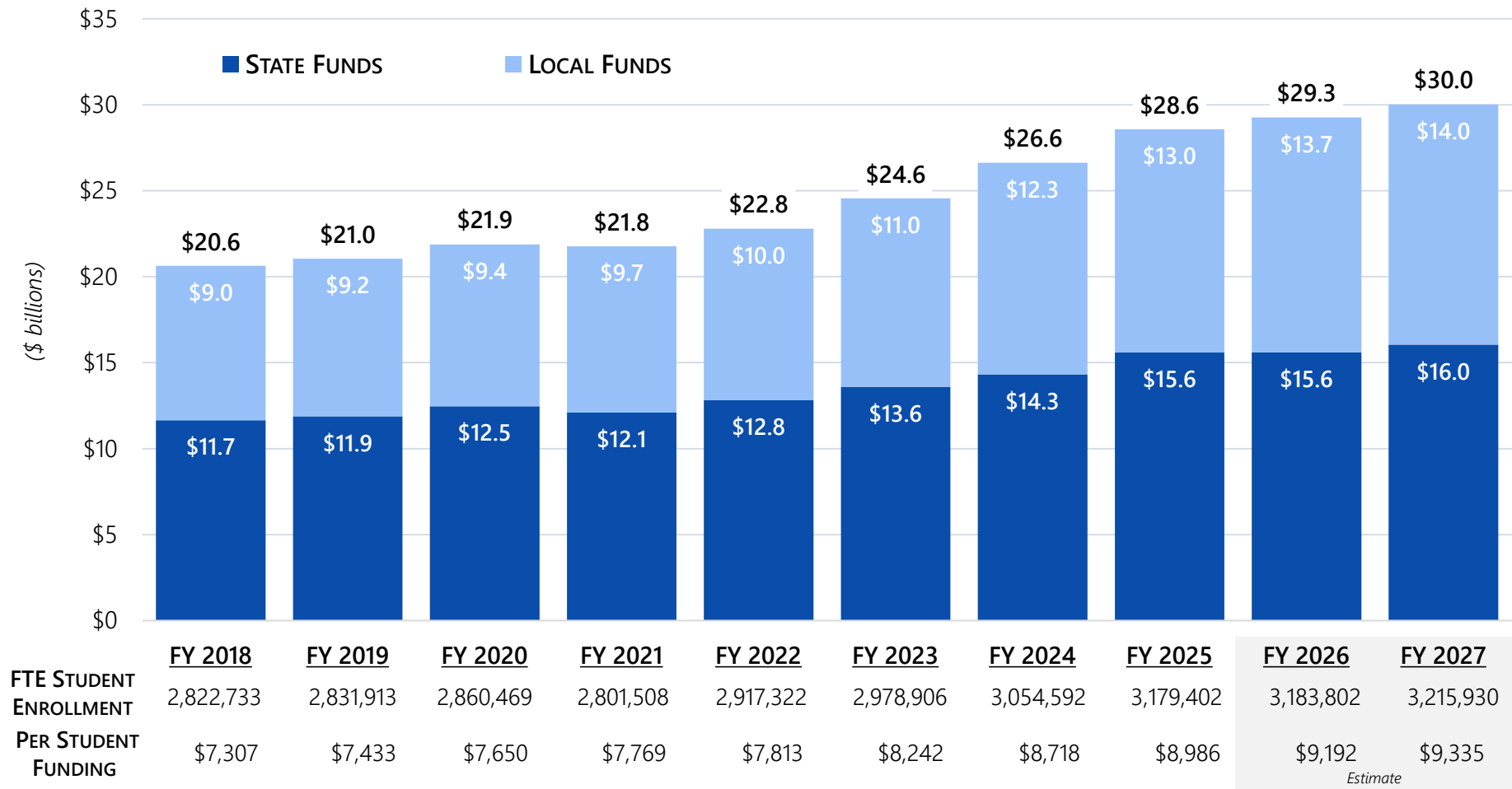
- Largest component of total budget is Health and Human Services (43.2%)
- Largest component of GR budget is Education (44.4%)

FLORIDA'S ENVIRONMENTAL PRIORITIES

- With over \$3.3 billion secured over Governor DeSantis' first term, this year's investment of \$1.2 billion for Everglades restoration and the protection of water resources brings the total funding for the protection of Florida's water resources to \$5.9 billion in his second term and more than \$9 billion over 8 years

FISCAL YEAR 2027 ENVIRONMENTAL FUNDING	
MAJOR ISSUES FUNDED	AMOUNT (\$ MILLIONS)
Everglades Restoration	\$665
Targeted Water Quality Improvements	\$435
Conservation & Land Acquisition Programs <i>(Florida Forever / Rural and Family Lands / Wildlife Corridor)</i>	\$590
Resilient Florida Grant Program (Resiliency Infrastructure)	\$196
Beach Nourishment	\$64
Alternative Water Supply Grant Program	\$50
Springs Restoration	\$50
Water Quality / Algae & Red Tide	\$23

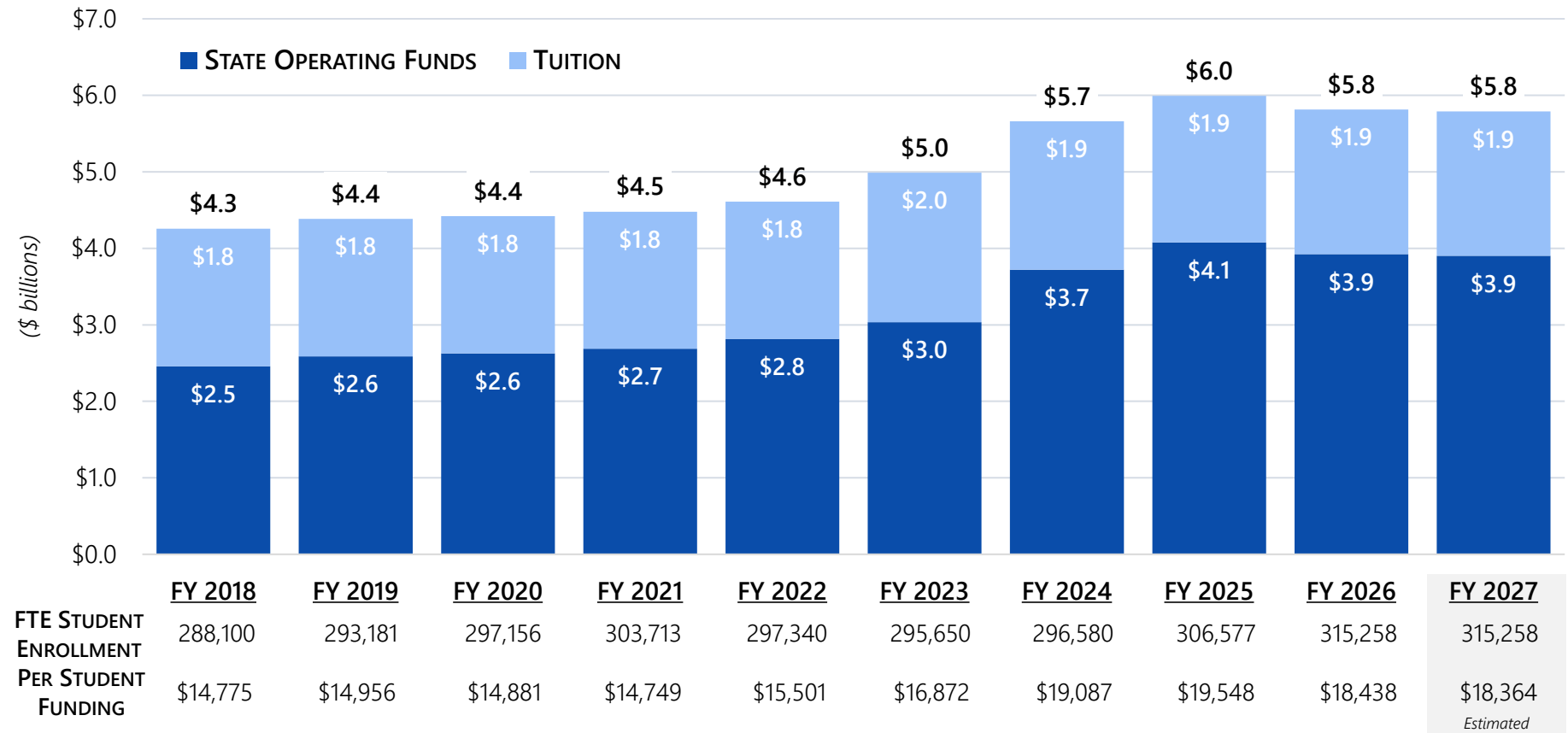
K-12 SCHOOLS – FUNDING & ENROLLMENT



Key Investments in Education:

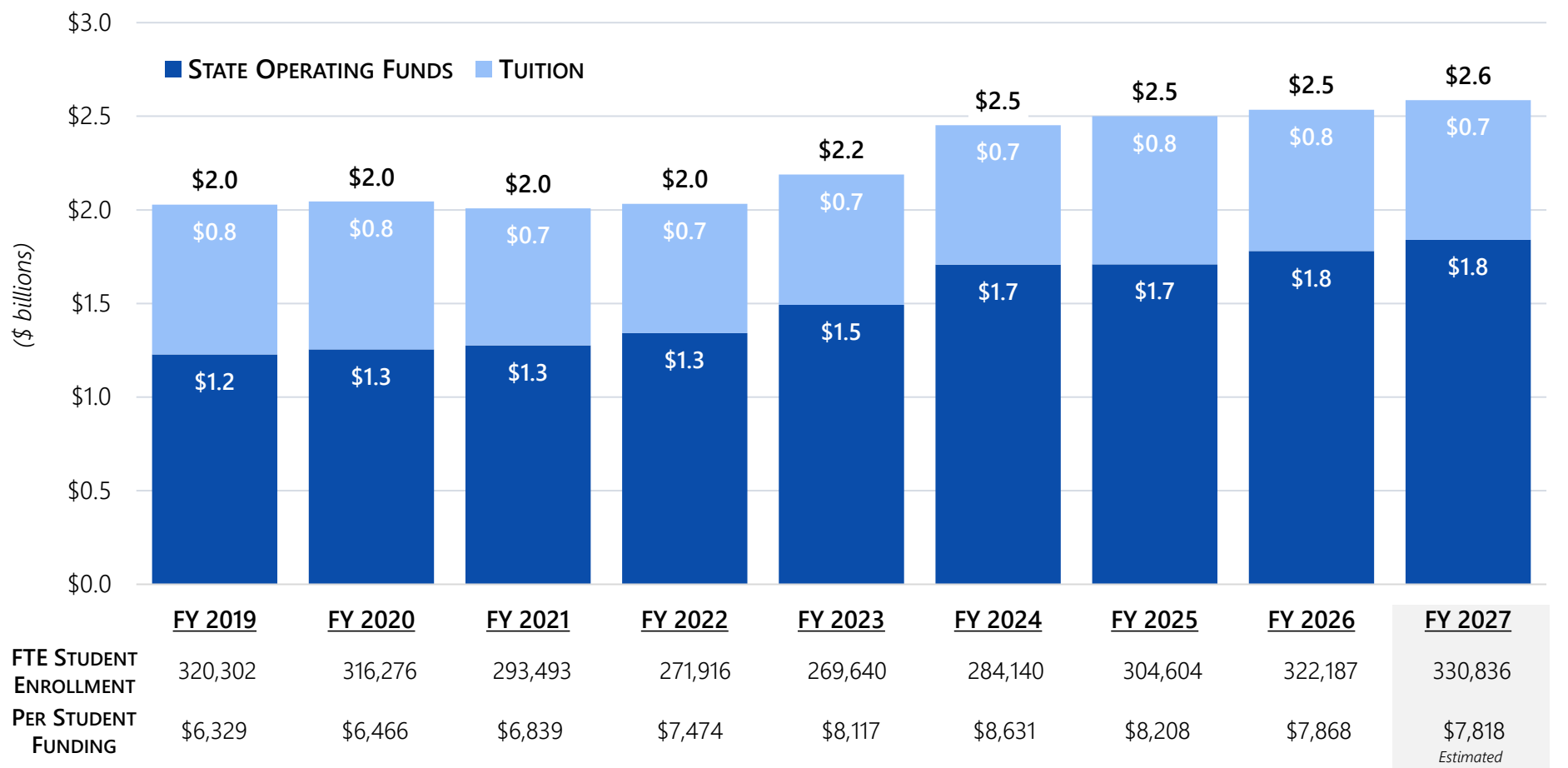
- Mental Health Initiatives: Total of \$180 million
- Teacher Salary: \$200 million increase, for a total of \$1.56 billion for salary increases
- Safe Schools: Continues historic total of \$290 million

STATE UNIVERSITY SYSTEM – FUNDING & ENROLLMENT



- \$3.9 billion in operating funding for State Universities in FY 2027
- State appropriations funding level has grown, while tuition has been held constant to help keep higher education affordable
 - Florida public universities have the lowest tuition in the United States with average annual tuition and fees of \$6,360, 47% lower than the national average of \$11,950
- University Performance Funding of \$645 million based on student-focused metrics

COLLEGE SYSTEM – FUNDING & ENROLLMENT



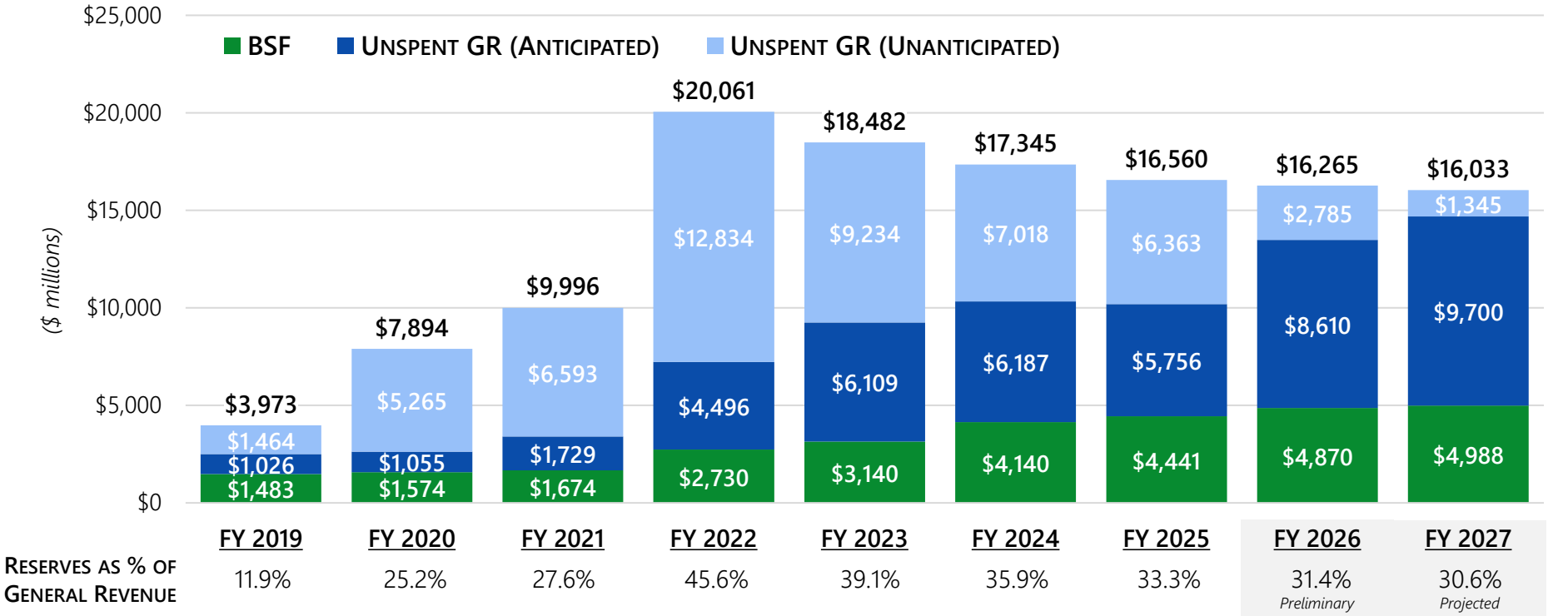
- \$1.8 billion in operating funding for State Colleges in FY 2027
- State appropriations funding level continues to grow, while tuition is held constant
- State colleges provide critical access for job training and higher education for Florida students

FISCAL YEAR 2027 GENERAL REVENUE OUTLOOK

FY 2027 GR OUTLOOK (\$ MILLIONS)	RECURRING	NON-RECURRING	TOTAL
Beginning Balance	-	\$13,329.4	\$13,329.4
Funds Available	\$52,296.0	336.2	52,632.2
Total General Revenue Available	\$52,296.0	\$13,665.6	\$65,961.6
FY 2027 Appropriations	\$(48,998.3)	\$(2,719.4)	\$(51,717.7)
Debt Reduction	(250.0)	-	(250.0)
Emergency Preparedness & Response	-	(250.0)	(250.0)
Budget Stabilization Fund	-	(118.0)	(118.0)
State Employee Health Insurance	-	(375.0)	(375.0)
Reappropriations	-	(2,033.9)	(2,033.9)
Other Transfers, Reserves and Adjustments	(84.4)	(87.7)	(172.1)
Ending FY 2027 General Revenue Balance	\$2,963.3	\$8,081.7	\$11,045.0

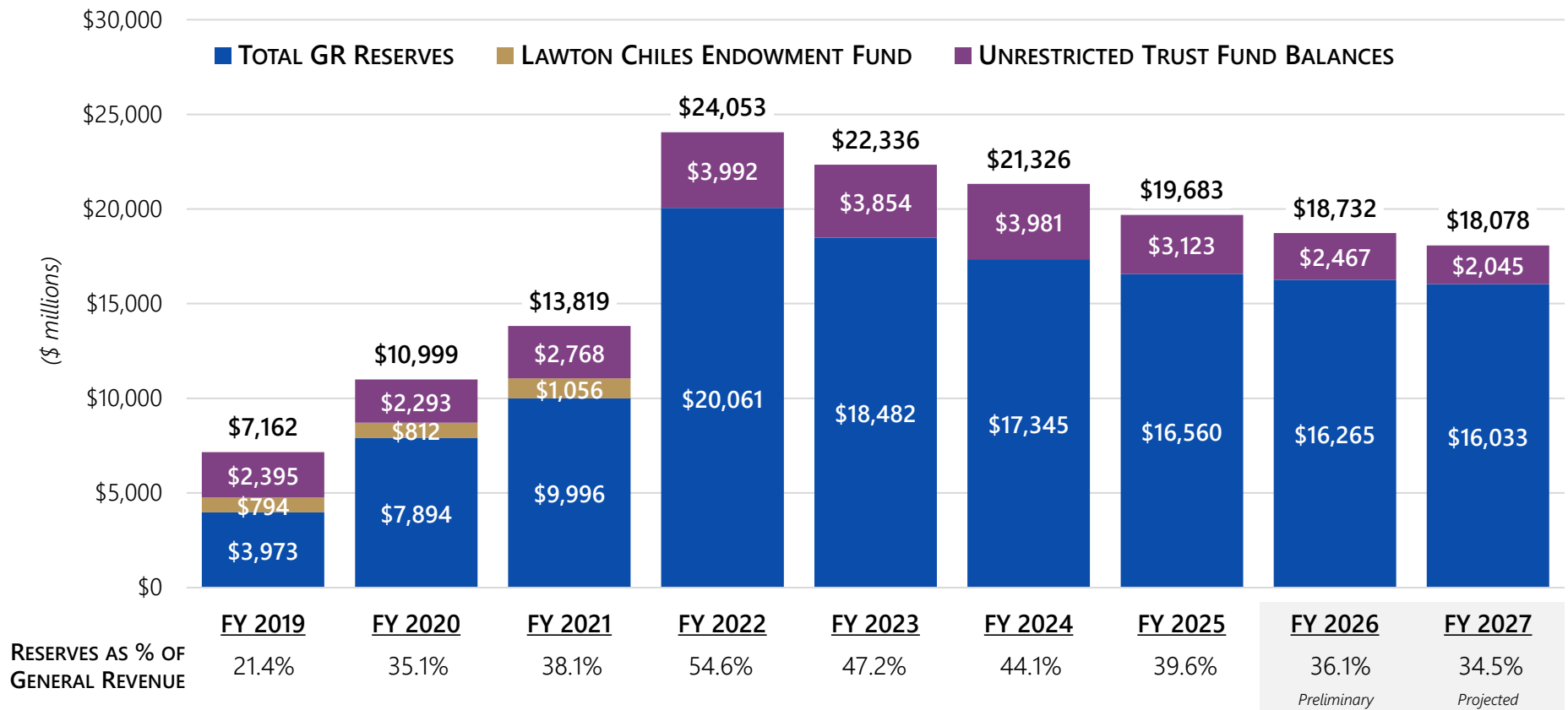
- FY 2027 Budget is once again structurally balanced, with recurring revenues estimated to exceed recurring appropriations by approximately \$3.0 billion

GENERAL FUND RESERVES



- Aggregate General Fund reserves totaled approximately \$16.3 billion or 31.4% of GR at end of FY 2026 and estimated at \$16.0 billion or 30.6% of GR at end of FY 2027
- Florida continues to prioritize building reserves, transferring \$118 million into the Budget Stabilization Fund (“BSF”) in FY 2027, for a total of \$5.0 billion – balance equals approximately 10% of projected FY 2027 GR collections, the maximum legal limit
- With strong revenue growth and conservative fiscal management, the State is maintaining high reserve levels while continuing to fund strategically important investments

TOTAL STATE RESERVES



- State expects to end FY 2027 with healthy balance of nearly \$18.1 billion in total reserves (General Fund reserves plus unrestricted trust fund balances), equal to 34.5% of estimated FY 2027 General Revenue collections
- Reserve levels beginning to normalize but remain historically high and at a healthy level, and State is well positioned to address unanticipated financial contingencies

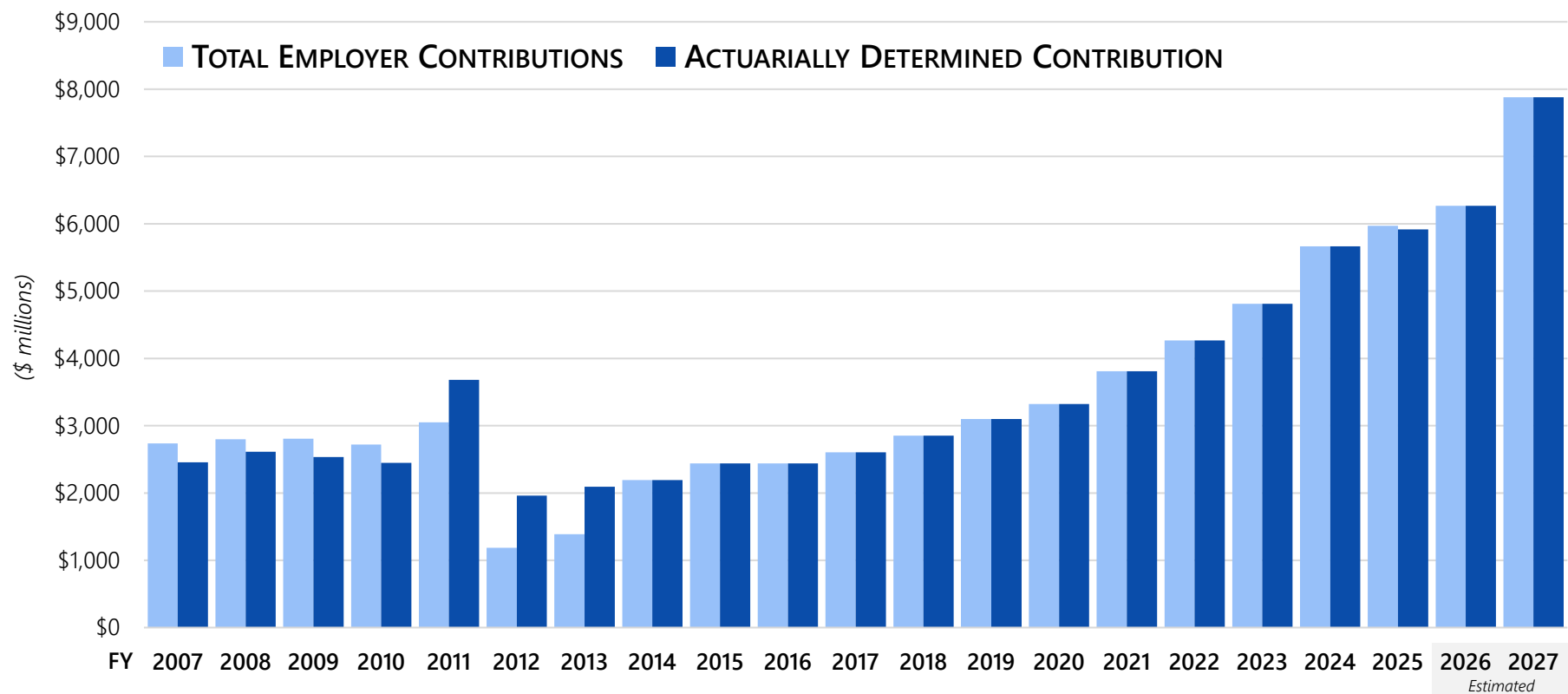
SECTION 4

PENSION FUNDING & OPEB

PENSION FUNDING & OPEB

- Pension liabilities remain manageable, funded ratio is strong, and underlying assumptions are reasonable
 - Funded ratio based on actuarial value of assets of \$200.4 billion was 82.3% as of July 1, 2025
 - Funded ratio based on market value of assets as of September 25, 2026 (estimated \$235.9 billion) would be 96.8%
 - Pension plan had a 14.50% return in FY 2026
- State's share of the Net Pension Liability ("NPL") is approximately 16.7% based on percent of total employer contributions in FY 2025
 - State's allocable share of NPL totaled \$7.2 billion using actuarial value of assets
- State has made progress towards more conservative pension assumptions and methodologies
 - From FY 2014 to FY 2023, investment return assumption was incrementally lowered from 7.75% to 6.70%. Investment return assumption of 6.70% both for calculating pension contribution (ADC) and financial reporting (ACFR)
 - In 2021, the State reduced the amortization period for unfunded liability from 25 years to 20 years
- Other Postemployment Benefits ("OPEB") liability totaled \$10.2 billion as of June 30, 2025 (State's share is approximately 70%); however, consists of implicit subsidy only with no legal entitlement or constitutional protection of health benefits

FRS EMPLOYER CONTRIBUTIONS VS THE ADC



- Legislature again fully funded the Actuarially Determined Contribution ("ADC") for FY 2027
- For the past 14 years (FY 2014 through FY 2027), the State has budgeted contributions sufficient to fully fund the ADC based on the FRS plan assumptions
- Pension reform effective July 1, 2011, included requiring employees to contribute 3% of salary, prospectively eliminating the Cost-of-Living Adjustment benefit, and extending vesting period
- Reforms helped constrain growing liability and pension cost, but ADC has been increasing as State has implemented more conservative actuarial assumptions

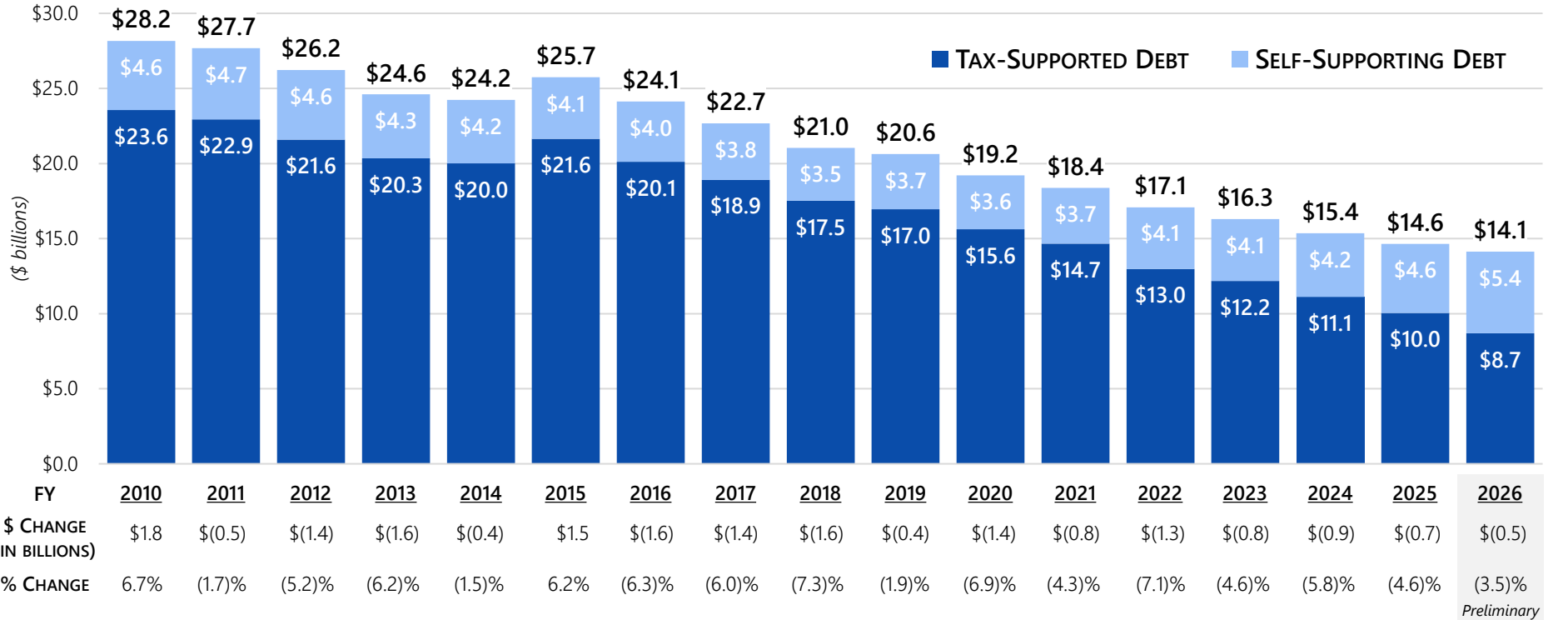
SECTION 5

DEBT POSITION

DEBT POSITION

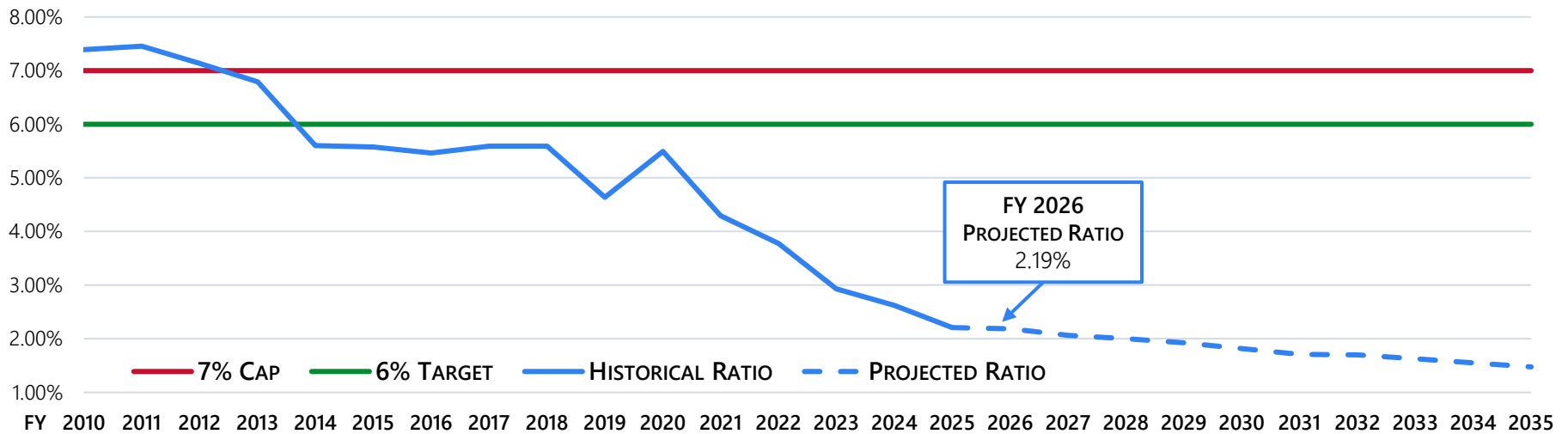
- Since 2010, total outstanding debt has declined by approximately \$14 billion, or 50%
 - Tax-supported debt has decreased by \$8.8 billion, or over 50%, since FY 2018
- Refundings since 2010 have resulted in gross debt service savings of more than \$4.3 billion
- The State continues to implement the Debt Reduction Program to reduce the State's debt burden with annual GR appropriations to accelerate pay down of tax-supported debt
- Benchmark debt ratio for 2025 is 70% lower than ratio in 2010, with continuing trend of increasing revenues and declining tax-supported debt service
- Benchmark debt ratio remains well below 6% policy target; projected to remain below 6% target in FY 2026 and thereafter
- Pension remains well funded with State consistently fully funding the ADC and progress towards more conservative underlying assumptions (investment return) and methodologies (amortization period)
- Debt obligations remain manageable at a relatively low level and contingent liabilities pose less risk
- Insurance market continues to strengthen; state-sponsored insurance entities are healthy and private insurance market is growing

HISTORY OF OUTSTANDING DEBT



- Total direct debt outstanding is estimated to be \$14.1 billion at the end of FY 2026, representing a \$500 million or 3.5% decrease from FY 2025
 - Decrease of \$14.0 billion, or 50%, since peak in 2010, primarily a result of principal repayments on existing debt exceeding new money debt issuance
- Tax-supported debt has decreased by \$8.8 billion, or over 50%, since FY 2018
- State’s population has continued to grow while debt has been decreasing, and Florida’s total debt per capita has decreased 56% from \$840 in FY 2018 to \$367 in FY 2026

BENCHMARK DEBT RATIO



BENCHMARK DEBT RATIO												
	ACTUAL		PROJECTED									
FISCAL YEAR	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
BENCHMARK DEBT RATIO	2.62%	2.21%	2.19%	2.06%	2.00%	1.92%	1.82%	1.71%	1.70%	1.63%	1.55%	1.48%

- State’s benchmark debt ratio is annual debt service to revenues available to pay. Debt ratio has improved steadily since peaking in FY 2009 as a result of growing revenues and declining debt service
- Benchmark debt ratio at current target/cap not a meaningful constraint of debt issuance
- Benchmark debt ratio increased temporarily in FY 2020 due to combined effect of lower revenues and increasing annual debt service payments (due to variability in P3 payments), but has continued downward trend since
- FY 2026 estimated ratio of 2.19% is lowest on record, and ratio is projected to continue declining and remain well below 6% target throughout the projection period (FY 2035) because of limited planned debt issuance
- Structural change in how State funds capital outlay

DEBT REDUCTION PROGRAM

- With reduced refunding opportunities available following a decade of refinancings and conservative new money issuance, the State is deploying new strategies to decrease the State’s debt burden
- Total of \$1.5 billion was appropriated in FY 2024 through FY 2026 to extinguish State bonds to realize debt service savings and reduce State debt

DEBT REDUCTION PROGRAM RESULTS			
FISCAL YEAR	PRINCIPAL REDUCED	TOTAL SAVINGS	BUDGETARY SAVINGS
2024	\$399.5 million	\$33.9 million	\$263.1 million
2025	565.3 million	361.6 million	859.5 million
2026	832.9 million	334.1 million	1.2 billion
Total	\$1.8 billion	\$730 million	\$2.3 billion

- Additional \$250 million appropriated in FY 2027 to continue debt pay down
- As a result of the State’s Debt Reduction Program and conservative debt management policies, outstanding tax-supported debt at end of FY 2026 is over 50% lower than FY 2018

SECTION 6

FLORIDA INSURANCE MARKET

INSURANCE MARKET CONDITIONS AND REFORMS

- Florida has approximately 7.7 million residential property insurance policies in force with average homeowners' premium of \$3,724 (including wind coverage)
- Florida's residential property insurance market was plagued by litigation producing excessive industry losses and precipitating legislative and regulatory reforms. Florida represented 9.7% of homeowners' claims nationally, but 71.6% of homeowners' lawsuits in 2023
- The State took steps to address the challenges impacting the insurance industry, with a comprehensive multi-prong legislative agenda enacted in recent years designed to eliminate abusive litigation practices, curtail insured losses, and promote long-term market stability
- Benefits of the State's legislative reforms are being realized and the market continues to strengthen:
 - Litigation has declined significantly since the reforms, with the number of legal service of process filings decreasing 23% in 2024 and an additional 25% in 2025
 - Since the legislative reforms, 21 new companies have been approved by OIR to enter the Florida property insurance market, an additional company was acquired to expand its footprint in the State, another residential property insurer that had been in runoff was recapitalized and re-entered the market, and two Florida property insurers successfully completed IPOs in 2025 (Slide and American Integrity)
 - Since January 2024, 48 companies have filed for a rate decrease and 53 companies have requested no change or 0% increase
 - 30-day average rate request as of September 2026 was -4.8%, compared to -1.1% one year ago
 - 180-day average rate request as of September 2026 was -0.3%, relative to 0.0% one year ago
 - According to S&P Global data, Florida homeowner's rates decreased by 0.92% in 2025, the lowest rate change in the nation
 - Data from OIR's Annual Reinsurance Data Call (ARDC) data suggests nearly half of ARDC insurers are experiencing risk-adjusted pricing reductions between 15% and 25%

FLORIDA HURRICANE CATASTROPHE FUND

- FHCF maintains significant liquid resources (projected to be \$14.3 billion) relative to the statutory maximum liability of \$17 billion for the 2026 hurricane season

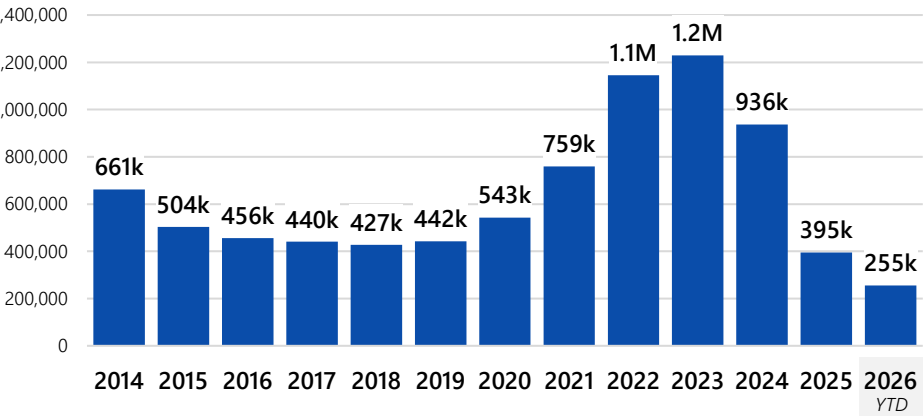
FHCF ESTIMATED RESOURCES FOR 2026 HURRICANE SEASON	
<i>(in billions of dollars)</i>	
Projected Fund Balance (at December 31, 2026)*	\$12.0
2020A & 2024A Pre-Event Bond Proceeds	2.3
Estimated Available Resources for 2026 Hurricane Season	\$14.3
FHCF Statutory Annual Maximum Liability	\$17.0
Potential Post-Event Bonding	\$2.7

** Based on estimated fund balance from May 2026 Bonding Capacity Estimates.*

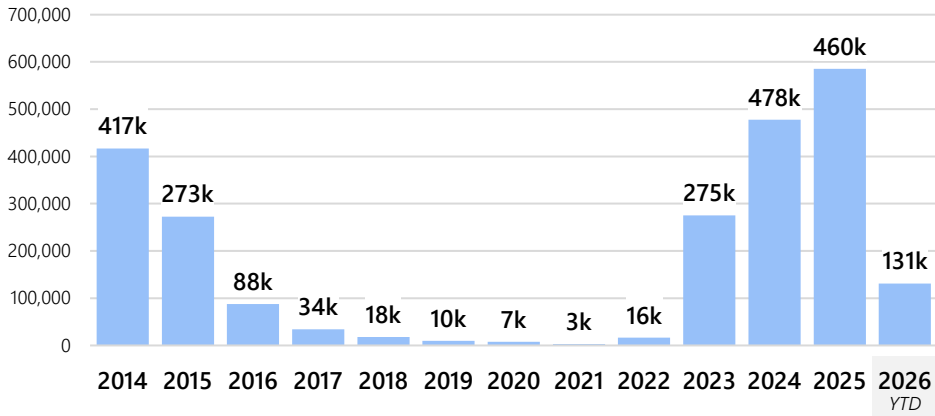
- FHCF’s projected liquid resources are net of approximately \$8.0 billion related to Hurricanes Ian, Idalia, Helene, and Milton in the 2022 to 2024 hurricane seasons, comprised of approximately \$5.8 billion in paid losses and \$2.2 billion in loss reserves as of August 2026
- The FHCF’s ultimate total loss estimates based on current company reporting are \$7.0 billion for Hurricane Ian, \$1.0 billion for Hurricane Milton, and \$11 million for Hurricanes Idalia and Helene combined
- FHCF collects reimbursement premiums from participating insurers (\$1.3 billion for 2025-2026 contract year) and may also levy assessments on most property and casualty lines of insurance in Florida to support FHCF debt. The assessment functions like an insurance premium tax on all assessable policies. There are currently no assessments in place
 - Assessment base totaled \$92.1 billion in 2025, which would generate \$5.5 billion based on 6% assessment (single season limit) and \$9.2 billion based on 10% assessment (aggregate limit)
 - FHCF’s estimated post-event bonding capacity totaled \$7.1 billion over 12 months and \$7.0 billion over 24 months based on the May 2026 bonding capacity estimates
 - Loss payouts vary by storm but have historically occurred over multiple years. For example, FHCF’s paid losses totaled approximately \$2.5 billion from Hurricane Ian over the first 12 months following landfall, relative to the current total loss estimate of \$7.0 billion
- Based on reported loss estimates as of August 2026, FHCF expects losses for the 2022 to 2024 hurricane seasons (Hurricanes Ian, Idalia, Helene, and Milton) will be paid from current reserves and not require an assessment or financing**

CITIZENS PROPERTY INSURANCE CORPORATION

YEAR-END POLICY COUNT



POLICIES REMOVED THROUGH DEPOPULATION



- Trends in Citizens’ policy count is a proxy for the health of Florida’s property insurance market. Policies peaked at 1.4 million in September 2023 as it absorbed policies from insolvent companies and other private market insurers reducing their exposure. Since then, policy count has decreased to approximately 255,099 as of September 18, 2026 (estimated 2% market share)
- Citizens remains in a strong financial position with projected total claims-paying capacity of \$9.6 billion for the 2026 hurricane season
 - Projected year-end surplus of \$5.6 billion, \$1.2 billion of FHCF coverage, and placed \$2.8 billion of private risk transfer
 - Citizens maintains strong liquidity to pay claims, with approximately \$8.5 billion in cash and invested assets as of August 31, 2026. Combining the three Citizens accounts pursuant to a change in law in 2024 reduced the risk of assessments
- Current estimated losses for storms in the 2024 hurricane season total \$2.4 billion
- Citizens collects premiums like a typical insurance company. But it also has the authority to levy surcharges on its policyholders as well as assessments on a broad base of property and casualty insurance policies in the State (similar to FHCF)
- Citizens has two assessment tiers:
 1. Citizens Policyholder Surcharge: one-time assessment on Citizens’ policyholders only, up to 15% of premium
 2. Emergency Assessment: single or multi-year assessment levied on most property and casualty lines of insurance in Florida, up to 10% of premium. Only levied if the policyholder surcharge is insufficient to eliminate a deficit
- Citizens defeased its remaining \$275 million of pre-event bonds in December 2023 and currently has no pre-event or post-event debt outstanding
- **Based on current estimated losses for the 2024 hurricane season, Citizens anticipates paying losses from surplus or reinsurance with no assessments or financings needed**

FLORIDA INSURANCE GUARANTY ASSOCIATION

- FIGA was statutorily created to ensure that insurance contracts are honored after an insurance company fails, with membership mandatory for all insurers that transact business in Florida. FIGA is organized into two separate accounts (the "Auto" and the "All Other" which includes property insurers)
- Primary funding sources for each FIGA account are estate distributions from insolvent insurers, investment income, and assessments on broad range of insurance lines. FHCF reimbursements to insolvent property insurers are sent directly to FIGA
- Assessments are charged directly to insurers, not policyholders:
 - Regular Assessment: up to 2% per year of each insurer's direct written premium
 - Emergency Assessment: up to 4% per year of each insurer's direct written premium to pay claims of insurers rendered insolvent by the effects of a hurricane. Emergency Assessments can only be levied for the "All Other" account and apply to a broad range of insurance lines (excluding "Auto")
 - The assessment base for the "All Other" account totaled \$34 billion in 2025, which would generate approximately \$2.0 billion annually based on maximum assessment (2% regular and 4% emergency)
- 10 property insurers were declared insolvent from October 2019 to February 2023 resulting in estimated losses totaling \$2.4 billion (\$1.9 billion of claims losses and \$482 million of premium refunds)
- FIGA financed a portion of the claims with bank loans and the issuance of \$590.3 million of bonds in 2023. Additional funding provided by estate distributions from the insolvent insurers
- All of FIGA's outstanding bonds were defeased on September 1, 2026, using excess emergency assessment collections. The 1% emergency assessment securing the bonds ended on September 30, 2026
- **FIGA's potential for levying additional assessments in the future is unknown and is dependent on future insolvencies of property market insurers**

CONCLUSIONS

- Florida's economy remains strong
- General Revenue collections expected to remain steady in FY 2027 at \$52.3 billion
- Continued high levels of General Revenue collections have allowed the State extraordinary budget flexibility to address strategic investments in State infrastructure and other priorities while maintaining significant reserves
- General Fund reserves in FY 2027 estimated at \$16.0 billion or 30.6% of projected GR and total reserves estimated at \$18.1 billion or 34.5% of projected GR. Projected reserve levels beginning to normalize but remain historically high and at a healthy level
- Pension funded ratio remains strong as State continues to fully fund the ADC and has made prudent adjustments to actuarial assumptions and methodologies
- Outstanding debt decreased again in FY 2026 to an estimated \$14.1 billion, down 50%, since peak in 2010. \$250 million appropriated in FY 2027 to accelerate paydown of State tax-supported debt
- Mechanisms in place to stabilize the property insurance market are healthy and functioning as intended. State has passed several reforms designed to eliminate abusive litigation practices, curtail insured losses, and promote long-term market stability
- Strong revenue growth combined with conservative financial management has strengthened financial position and provided opportunity for State to continue funding strategically important investments like education, environment, and transportation

