2022 ANNUAL REPORT

Florida's Safety Net

Florida Life & Health Insurance Guaranty Association

FLAHIGA

TO CHIEF FINANCIAL OFFICE PATRONIS AND ALL MEMBER INSURERS:

On behalf of the Association's Board of Directors, we are pleased to furnish you with information regarding the 2022 operations and finances of the Florida Life & Health Insurance Guaranty Association (FLAHIGA). First, this report provides information on activities in 2022 regarding each impaired or insolvent company, followed by information about funding sources and the 2022 Assessment. Next, you will find the Audited Financial Statement of the Association for the years ended December 31, 2022, and December 31, 2021, as prepared by Carr, Riggs & Ingram, LLC, Certified Public Accountants, Tallahassee, Florida. Note the change in the basis of accounting to a modified cash basis for 2022 and restated for 2021. Finally, the members of the Board are identified, along with their terms and committee assignments.

The Association's laws are outlined in the Florida Statutes at Chapter 631, Part III. You can access the statutes through this link: Florida Life and Health Insurance Guaranty Association Act.

Sincerely yours,

Greg Martino
FLAHIGA Chair
Aetna Life Insurance Company

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FLAHIGA AND THE ROLE OF A GUARANTY ASSOCIATION

State life and health insurance guaranty associations are state entities (in all 50 states as well as Puerto Rico and the District of Columbia) created to protect policyholders of an insolvent insurance company. All insurance companies (with limited exceptions) licensed to sell life or health insurance in a state must be members of that state's guaranty association.

FLAHIGA, the Florida Life & Health Insurance Guaranty Association, is a statutory entity created in 1979 when the Florida legislature enacted the Florida Life and Health Insurance Guaranty Association Act (the FLAHIGA Act). FLAHIGA is composed of all insurers licensed to sell direct life insurance, accident and health insurance, and certain annuities in the state of Florida. In the event that a member insurer is found to be insolvent and is ordered to be liquidated by a court, the FLAHIGA Act enables FLAHIGA to provide protection (up to the limits spelled out in the FLAHIGA Act) to Florida residents who are holders of life and health insurance policies and certain annuities with the insolvent insurer. Additional information about FLAHIGA can be found at www.flahiga.org.

FLAHIGA is governed by Part III of Chapter 631, Florida Statutes, as well as a Plan of Operation established by its Board of Directors. The Board of Directors is comprised of ten members who are elected by the member insurers, plus one designee of the Florida Health Maintenance Organization Consumer Assistance Plan (HMOCAP). Board members are approved by the Chief Financial Officer, who evaluates whether all areas of insurance are fairly represented and that the individuals have the requisite qualifications for service.

Laws governing maximum limits and types of policies covered vary from state to state. Florida's coverage limits, as of January 1, 2020, are shown below. These coverage limits assume the policy or contract is covered.

- Life Insurance Death Benefit: $300,000 per insured life
- Life Insurance Cash Surrender: $100,000 per insured life
- Health Insurance Claims: $500,000 per insured life
- Long Term Care Claims: $300,000 per insured life
- Deferred Annuity Cash Surrender: $250,000 per contract owner
- Annuity in Benefit: $300,000 per contract owner

THE PROCESS

When a member insurer is found to be insolvent and is ordered liquidated, a Receiver takes over the insurer under court supervision and processes the assets and liabilities through liquidation. Upon liquidation, FLAHIGA automatically becomes liable for the policy obligations the liquidated insurer owed to its Florida policyholders. FLAHIGA's rights under the policies are those that applied to the insurer prior to liquidation.

FLAHIGA collects the records and files of the company where possible and pays claims as soon as they can be validated. FLAHIGA also collects premiums and administers the policies, including providing payments if a policyholder surrenders a policy. FLAHIGA may select servicing agents to help with these functions. Efforts are made to find another sound, state-approved insurance company to take over the policies; when this happens, FLAHIGA also transfers enough money to the new company to keep the policies on a firm footing. Sometimes, if the insolvent insurer had the power to cancel policies, FLAHIGA may also do that, provided that all valid claims are paid first. Whatever happens, it is with full notice to policyholders, and they are given a reasonable time to seek insurance elsewhere if desired.

WHO IS COVERED?

Life and health insurance guaranty associations cover individual policyholders and their beneficiaries; typically, persons protected by certificates of insurance issued under policies of group life or group health insurance are also covered. Annuities that are directly issued to and owned by individuals, or annuities that directly guarantee benefits to individuals by the insurer are generally covered. What are known as "unallocated" annuities are not covered. In Florida, limits on benefits and coverage are established by the FLAHIGA Act. Additional information on the policies covered by FLAHIGA can be found on Page 8.

HOW COVERAGE IS FUNDED

When an insurer fails and there is a shortfall of funds needed to meet the obligations to policyholders, state guaranty associations are activated. Guaranty associations have two main sources of funding when providing coverage to policyholders. First, guaranty associations have subrogation rights to a proportionate share of the assets remaining in the failed insurer. Those assets, which can be substantial, may be used by the guaranty associations to pay covered claims. Second, insurers doing business in that state are assessed a share of the amount required to meet the portion of the guaranty associations' covered claims not otherwise funded with estate assets. The amount insurers are assessed is based on the amount of premiums that they collect in that state. Additional information on FLAHIGA's funding sources and the 2022 Assessment can be found on Page 13.

NOLHGA PARTICIPATION

WHAT IS NOLHGA?

NOLHGA, the National Organization of Life and Health Insurance Guaranty Associations, is a voluntary association made up of the life and health insurance guaranty associations of all 50 states and the District of Columbia.

NOLHGA was founded in 1983 when the state guaranty associations determined that there was a need for a mechanism to help guaranty associations voluntarily work together. Collaboration with other states allows guaranty associations to be more efficient and effective in providing continued protection for policyholders affected by a multi-state insurance insolvency. NOLHGA establishes a task force of representative guaranty associations to work with insurance commissioners to develop a plan to protect policyholders.

WHAT DOES NOLHGA DO?

When an insurer licensed in multiple states is declared insolvent, NOLHGA, on behalf of affected member state guaranty associations, assembles a task force of guaranty association officials. This task force analyzes the company's commitments to policyholders; ensures that covered claims are paid; and, where appropriate, arranges for covered policies to be transferred to a healthy insurer.

The task force may also support the efforts of the Receiver to dispose of the company's assets in a way that maximizes their value. When there is a shortfall of estate assets needed to pay the claims of covered policyholders, guaranty associations assess the licensed insurers in their states for a proportional share of the funds needed.

WHAT BENEFITS DOES NOLHGA BRING TO THE GUARANTY SYSTEM?

Through NOLHGA, state guaranty associations decrease costs to the member insurers that fund them. Rather than each state association hiring its own legal and financial experts, the NOLHGA task force uses one team of experts, significantly reducing costs to guaranty associations. This coordination of effort also helps reduce the length of time a receiver may require to develop a plan of rehabilitation or otherwise resolve a multi-state insolvency.

Since its creation in 1983, NOLHGA has assisted with more than 100 multi-state insolvencies and through their combined efforts, guaranty associations have:

- Provided protection to more than 2.65 million policyholders.
- Guaranteed more than $26.8 billion in coverage benefits.
- Contributed approximately $9.1 billion toward fulfillment of insurer promises.

HOW FLAHIGA WORKS WITH NOLHGA

FLAHIGA is authorized to work with NOLHGA for the benefit of policyholders and the licensed insurers who fund FLAHIGA. FLAHIGA's involvement must comply with 631.721, Florida Statutes.

Information about the individual state guaranty associations can be found on the NOLHGA website: www.nolhga.com. This site includes links to state liquidation statutes, a composite picture of current assessment actions, statistics on insolvency activity, as well as educational and training materials.

2022 FLAHIGA ACTIVITES

THE FLAHIGA SAFETY NET

COVERAGE RESULTS - MULTISTATE INSOLVENCIES

1991 - 2022

Florida Policies, Covered Liabilities, and Net Costs

Life, Annuity, and Accident & Health (including LTC)

Florida Results	Policies	Covered Liabilities	Net Costs	Net Costs / Covered Liabilities
Life	97,671	$628,074,482	$125,616,225	20.0%
Annuity	44,207	1,030,316,235	339,219,965	32.9%
A&H (incl LTC)	21,941	506,991,965	455,384,370	89.8%
TOTALS	163,819	$2,165,382,682	$920,220,560	42.5%

- Since 1991, FLAHIGA has provided safety net coverage to 163,819 Floridians impacted by 101 multi-state Life, Annuity, Accident & Health, and Long Term Care (LTC) insurer insolvencies.
- For these insolvencies, FLAHIGA's Covered Liability obligations were over $2.0B. However, in concert with other state guaranty associations through the National Organization of Life and Health Guaranty Associations (NOLHGA), FLAHIGA Board and staff reduced Net Costs to under $920M, or 42.5% of Covered Liabilities.
- Lower Net Costs resulted from transferring policies and risk to solvent insurers (where possible), ongoing premium collections, ensuring access to insolvent insurers' assets, and estate and litigation recoveries. This reduced the assessments burden to Florida's solvent insurers and indirect costs to Florida policyholders.

COMPANIES IN REHABILITATION OR LIQUIDATION

AMERICAN FINANCIAL LIFE INSURANCE COMPANY

Florida domicile writing credit life and credit accident and health, whole life, and major medical coverage; liquidated 10/3/1991. FLAHIGA paid $3,108 in general expenses, $1,652 in claims, and premium collections totaled $2,023.

AMERICAN INDEPENDENCE LIFE INSURANCE COMPANY

Multi-state Missouri domicile writing life and annuity coverage; liquidated 4/20/1990. FLAHIGA paid $12,397 in claims; general expenses were $4,352; investment income was $7,396.

AMERICAN MEDICAL & LIFE INSURANCE COMPANY

American Medical and Life Insurance Company (AMLICO) was a New York domiciled company licensed in 41 states. AMLICO wrote both individual (limited benefit medical, ordinary life, and short-term disability) and group business (dental, life, accident and sickness, and vision); liquidated 12/28/2016. FLAHIGA paid $3,036 in general expenses.

AMERICAN SUN LIFE INSURANCE COMPANY

Multi-state Florida domicile primarily writing long-term nursing care and individual medical policies; liquidated 10/18/1989. FLAHIGA paid $22,349 in claims; premium collections totaled $832; investment income totaled $1,201, and general expenses were $22,086.

ASSOCIATED LIFE/UNITED FIRE INSURANCE COMPANY

Multi-state Illinois domicile writing ordinary group life insurance and individual and group accident and health insurance policies; liquidated 3/3/1989. FLAHIGA paid $10 in claims and $3,498 in general expenses; premium collections totaled $31; investment income was $327.

BANKERS LIFE INSURANCE COMPANY

A North Carolina domicile primarily wrote annuity coverage and was placed into rehabilitation on 6/27/2019; FLAHIGA's general expenses were $53,706.

CENTRAL LIFE INSURANCE COMPANY OF FLORIDA

Florida domicile primarily writing industrial life insurance; liquidated 8/27/1991. FLAHIGA paid $3,500 in claims; general expenses were $2,092; investment income was $5,071.

COLORADO BANKERS LIFE INSURANCE COMPANY

A North Carolina domicile primarily wrote annuity coverage and was placed into rehabilitation on 6/27/2019; FLAHIGA's general expenses were $26,274.

CORPORATE LIFE INSURANCE COMPANY

Multi-state Pennsylvania company writing life, annuity, and long-term care coverage in Florida; liquidated 2/15/1994; assumed by Metropolitan Life Insurance Company. FLAHIGA paid $100 in general expenses; investment income was $1,104.

EXECUTIVE LIFE INSURANCE COMPANY

Multi-state California domicile writing life and annuity coverage; liquidated 12/6/1991 and came under FLAHIGA coverage 60 days later, on 2/6/1992; assumed by Aurora. FLAHIGA paid $22,999 in claims; general expenses were $2,199, and investment income was $1.

FIRST NATIONAL LIFE INSURANCE COMPANY OF AMERICA

A Thunor Trust Company, Mississippi domicile writing life and annuity coverage; liquidated 6/29/1999; Madison National assumed this business. FLAHIGA's general expenses were $4,977.

FLAHIGA MISCELLANEOUS

We combined several minimal insolvency accounts composed primarily of non-cancelable health and life policies into a single "catch-all" category, and balances remaining in closed estates are moved to this account by the line of business. As a result, FLAHIGA paid $166,128 in general expenses, investment income was $278,918, and Assessments were 96,897.

FRANKLIN AMERICAN LIFE INSURANCE COMPANY

A Thunor Trust Company, Tennessee, domiciled primarily writing life and annuity coverage; liquidated 10/26/1999; assumed by Investors Heritage Life. FLAHIGA's general expenses were $352; investment income was $309.

FRANKLIN PROTECTIVE LIFE INSURANCE COMPANY

A Thunor Trust Company, Mississippi domicile writing life and annuity coverage; liquidated 6/29/1999; Madison National assumed this business. FLAHIGA's general expenses were $86.

INTERNATIONAL FINANCIAL SERVICES LIFE

A Thunor Trust Company, Missouri domicile writing deferred annuity business acquired by assumption reinsurance agreement; liquidated 6/29/1999; Madison National assumed remaining business. FLAHIGA's general expenses were $54; investment income was $94.

KENTUCKY CENTRAL LIFE INSURANCE COMPANY

A Kentucky domicile company writing all types of life and annuity coverage; liquidated 8/18/1994; assumed by Jefferson-Pilot Life Insurance Company. FLAHIGA's general expenses were $2,998; investment income was $17,754.

LIFE AND HEALTH INSURANCE COMPANY OF AMERICA

A Pennsylvania domicile writing all types of business; liquidated 7/2/2004. FLAHIGA paid $169,696 in claims; general expenses were $56,136; premium collections were $61,153.

LUMBERMENS LIFE INSURANCE COMPANY

Multi-state Indiana domicile primarily writing Multiple Employer Health Trust coverage; liquidated 11/9/1988. FLAHIGA paid $572 in general expenses; investment income was $6,396.

LUMBERMENS MUTUAL CASUALTY COMPANY

Illinois domicile, mostly P&C, but also wrote health policies; liquidated 5/10/2013. FLAHIGA's general expenses were $957; investment income was $219.

NATIONAL AMERICAN LIFE INSURANCE COMPANY

Pennsylvania domicile company primarily writing accident and health coverage; liquidated 5/31/1996; assumed by Acacia National Life Insurance Company. FLAHIGA's general expenses were $1,134; investment income was $12,544.

NATIONAL HERITAGE LIFE INSURANCE COMPANY

A Delaware domicile; liquidated 11/21/1995; Single Premium Ordinary Life policies assumed by Madison National Life Insurance Company, life and annuities assumed by Metropolitan Life. FLAHIGA's general expenses were $27,832; investment income was $55,646.

NATIONAL STATES INSURANCE COMPANY

A Missouri domicile writing life, accident and health, long-term care, and Medicare Supplement policies; liquidated 11/15/2010. FLAHIGA paid $2,021,407 in claims; general expenses were $203,953; premium collections were $351,006.

NORTH CAROLINA MUTUAL LIFE INSURANCE COMPANY

A North Carolina domicile writing life, health, and annuity coverage and placed into liquidation on 10/31/22; FLAHIGA general expenses were $27,060.

NORTHWESTERN NATIONAL INSURANCE COMPANY

A Wisconsin domicile primarily writing comprehensive health coverage and placed into liquidation 5/2/2019; FLAHIGA paid $82,318 in claims; general expenses were $78,306; premium collections were $10,989; investment income was $243.

PAVONIA LIFE INSURANCE COMPANY OF MICHIGAN

A Michigan domicile primarily writing life coverage was placed into rehabilitation 7/9/2019; FLAHIGA general expenses were $1,960.

PENN TREATY NETWORK AMERICA INSURANCE COMPANY (and its subsidiary AMERICAN NETWORK INSURANCE COMPANY)

Pennsylvania domiciles were placed in rehabilitation on 1/06/2009 and then liquidated on 3/1/2017. The primary product is long-term care policies. FLAHIGA paid $171,933 in general expenses.

RELIANCE INSURANCE COMPANY

A Pennsylvania domicile Property and Casualty company with health-related policies; liquidated 10/3/2001. FLAHIGA paid $4,777 in general expenses.

SEECHANGE HEALTH INSURANCE COMPANY

A California domicile Health company that primarily wrote group health policies; liquidated 1/28/2015. FLAHIGA paid $313 in general expenses.

SENIOR AMERICAN INSURANCE COMPANY

A Pennsylvania domicile primarily wrote health coverage and placed it into liquidation 9/3/2019; FLAHIGA paid $491,423 in claims; general expenses were $90,568; premium collections were $87,903, investment income was $81, distributions were $749,700 and assessments received were $398,652.

SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA

A Pennsylvania domicile is writing long-term care coverage and placed into rehabilitation 1/29/2020; FLAHIGA paid $154,270 in general expenses.

SOUTHLAND NATIONAL INSURANCE COMPANY

A North Carolina domicile primarily wrote life coverage and was placed into rehabilitation on 6/27/2019; FLAHIGA paid $4,117 in general expenses.

TIME INSURANCE COMPANY

A Wisconsin domicile is writing life, annuity, health, and long-term care coverage was placed into liquidation on 9/1/2022; FLAHIGA paid $189,253 in general expenses, $16,600 in claims, and $53 in premium collection.

FLAHIGA FUNDING SOURCES

FUNDING, BY TYPE

FLAHIGA FUNDING SOURCES, BY TYPE

2018 - 2022

Life, Annuity and Accident & Health (including LTC)

Funding Type	2018	2019	2020	2021	2022	5-yr Total	5-yr %
Assessments	$158,840,801	$27,151,258	$7,453,271	$8,401,114	$792,049	$202,638,493	93%
Estate Distributions	5,176,355	1,178,844	116,513	1,566,091	749,700	8,787,503	4%
Premiums	1,089,896	946,822	1,042,346	716,657	513,989	4,309,710	2%
Investment Income	299,988	604,582	112,765	316,152	387,304	1,720,791	1%
TOTALS:	$165,407,040	$29,881,506	$8,724,895	$11,000,014	$2,443,042	$217,456,497	100%

The amount of funding required annually to protect Floridians impacted by Life and Health insurer insolvencies varies by the number of insolvencies and the size and type of the insolvent blocks being administered. Sources of funding, per Sections 631.717, 631.718, and 631.728, Florida Statutes, include the collection of premiums, subrogation against insolvent estates, and assessment of member insurers. For the five years from 2018 through 2022, FLAHGA funding totaled just under $217.5M. Member insurer assessments of $202.6M (93%) and Estate Distributions of $8.8M (4%) were the most significant funding sources. Premiums contributed $4.3M (2%), followed by investment income of $1.7M (1%).

2022 FLAHIGA ASSESSMENTS

Under Section 631.718, Florida Statutes, the Board of Directors of the Florida Life and Health Insurance Guaranty Association on January 13, 2022, voted a Class "A" assessment to meet administrative costs and other general expenses and a Class "B" assessment to fulfil the Association's responsibilities as outlined in Section 631.717, Florida Statutes.

Class "A" Assessment (per member) $500

Class "B" Assessment:

	Life	Annuity	Health	Long Term Care
Senior American Insurance Company	$0	$0	$0	$1,000,000
TOTALS:	$0	$0	$0	$1,000,000

STATUTES & IMPORTANT LINKS

FLAHIGA Statutes

- 631, Part III Life and Health Insurance Guaranty of Payments
- 631.711 Florida Life and Health Insurance Guaranty Act
- 631.712 Purpose
- 631.713 Application (Lines of Business and Persons Covered)
- 631.716 Board of Directors
- 631.717(12) Coverage Limits
- 631.718 Assessments

Important Links

- www.flahiga.org
- https://www.flahiga.org/FAQ
- https://myfloridacfo.com/division/receiver
- www.nolhga.com

AUDITED FINANCIALS

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
2633 Centennial Boulevard
Suite 200
Tallahassee, Florida 32308

(850) 878-8777
(850) 878-2344 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Florida Life and Health Insurance Guaranty Association
Jacksonville, Florida

Opinion

We have audited the accompanying financial statements of Florida Life and Health Insurance Guaranty Association, which comprise the statement of assets and net assets-modified cash basis for the years ended December 31, 2022 and 2021, and the related statements of revenues, expenses, and other changes in net assets-modified cash basis and functional expenses-modified cash basis, and notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of Florida Life and Health Insurance Guaranty Association as of December 31, 2022 and 2021, and its revenues and expenses for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Florida Life and Health Insurance Guaranty Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. In 2022, the Association adopted a policy of preparing its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The financial statements for 2021 have been retrospectively adjusted to reflect the modified cash basis of accounting adopted in 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Florida Life and Health Insurance Guaranty Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Florida Life and Health Insurance Guaranty Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of changes in net assets by account-modified cash basis on page 12 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL
April 5, 2023

Florida Life and Health Insurance Guaranty Association
Statement of Assets and Net Assets-Modified Cash Basis

December 31,	2022	2021
Assets		
Cash and cash equivalents	**$ 7,206,208**	$ 8,842,941
Investments, at cost	**34,296,066**	34,529,161
Total assets	**$ 41,502,274**	$ 43,372,102
Liabilities and Net Assets		
Net assets without restrictions	**$ 41,502,274**	$ 43,372,102
Total liabilities and net assets	**$ 41,502,274**	$ 43,372,102

The accompanying notes are an integral part of these financial statements.

Florida Life and Health Insurance Guaranty Association
Statements of Revenues, Expenses, and Other Changes in Net Assets-Modified Cash Basis

For the years ended December 31,		2022		2021
Revenues:				
Member company assessments	$	**792,049**	$	8,401,113
Investment income		**387,304**		316,153
Estate distributions		**749,700**		1,566,091
Policyholder premium receipts		**513,989**		716,657
Total revenues		**2,443,042**		11,000,014
Expenses				
Program		**4,152,537**		4,278,180
General and administrative		**160,333**		194,795
Total expenses		**4,312,870**		4,472,975
Change in net assets		**(1,869,828)**		6,527,039
Net assets without restrictions, beginning of the year		**43,372,102**		36,845,063
Net assets without restrictions, end of the year	$	**41,502,274**	$	43,372,102

The accompanying notes are an integral part of these financial statements.

Florida Life and Health Insurance Guaranty Association
Statements of Functional Expenses-Modified Cash Basis

For the year ended December 31, 2022		**Program Expense**		**General and Administrative**		**Total**
Policyholder benefit claims	$	**2,844,351**	$	**-**	$	**2,844,351**
NOLHGA expenses		**880,924**		**-**		**880,924**
Administration		**427,262**		**160,333**		**587,595**
Total expenses	$	**4,152,537**	$	**160,333**	$	**4,312,870**

For the year ended December 31, 2021		Program Expense		General and Administrative		Total
Policyholder benefit claims	$	2,903,150	$	-	$	2,903,150
NOLHGA expenses		947,478		-		947,478
Administration		427,552		194,795		622,347
Total expenses	$	4,278,180	$	194,795	$	4,472,975

The accompanying notes are an integral part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Florida Life and Health Insurance Guaranty Association (the "Association") is an association of insurers licensed to sell life, annuity, and/or accident and health insurance in the State of Florida. The Association was organized in 1979 under Chapter 631, Part III, Florida Statutes, for protecting the policyholders against the failure of an insurer to perform its contractual obligations. The Association is empowered to assess and collect from its members the funds necessary to carry out its purpose.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the modified cash basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Association has not recognized receivables from members and others, accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements. Additionally, the Association carries its investments at cost and has not subsequently adjusted those investments to fair value.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

All cash is invested in high-quality, short-term, U.S. dollar-denominated money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations. Cash equivalents include investments with a maturity when acquired of 90 days or less.

Investments

Investments purchased by the Association are recorded at cost. Investment income is recorded when received.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

The Association received no contributions for the years ended December 31, 2022 and 2021 that included donor purpose restrictions or restrictions based on time. All net assets of the Association are considered to be net assets without donor restrictions.

Revenue Recognition

Assessments, contributions, estate distributions, and policyholder premium receipts are recognized when received in accordance with the modified cash basis of accounting. Recognition of these amounts when received is consistent with the nature of these revenues as they are derived from the Association's assignment as the guaranty association for the State of Florida.

Expenses

Expenses are recorded when disbursements are made.

Income Taxes

The Association has been determined to be tax exempt as an instrumentality under Section 115 of the Internal Revenue Code.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of revenues, expenses, and other changes in net assets-modified cash basis. Accordingly, certain costs have been allocated among the program and supporting services benefited. The majority of the expenses are identifiable to a specific program and charged directly to the respective program. Expenses, primarily administration related, which relate to both program and general operation of the Association, are allocated based on time spent in each capacity. All other expenses are allocated based upon direct or estimated use.

Estate Distributions

The Association receives monies recovered from the liquidation of the insolvent insurer assets as revenue to offset insolvent insurer claim expenditures and future liabilities while under contractual obligation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 5, 2023. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 2: ASSESSMENTS

Class A assessments to cover administrative expenses were $500 and $250 per member company in the years ended December 31, 2022 and 2021, respectively. Class B assessments of $495,549 for 2022 and $8,249,113 for 2021 were made for the purpose of fulfilling the Association's responsibilities as set forth in Section 631.717, Florida Statutes.

NOTE 3: INVESTMENTS

Investments were composed of the following:

December 31, 2022	Market Value	Cost	Unrealized Gain (Loss)
U.S. government bonds	$ 20,616,463	$ 21,694,815	$ (1,078,352)
Corporate bonds	11,774,051	12,601,251	(827,200)
Total investments	$ 32,390,514	$ 34,296,066	$ (1,905,552)

NOTE 3: INVESTMENTS (Continued)

December 31, 2021	Market Value	Cost	Unrealized Gain (Loss)
U.S. government bonds	$ 22,067,662	$ 22,409,619	$ (341,957)
Corporate bonds	11,856,475	12,119,542	(263,067)
Total investments	$ 33,924,137	$ 34,529,161	$ (605,024)

For the years ended December 31, 2022 and 2021, investment income consisted of the following:

	2022	2021
Interest and dividends received	**$ 644,392**	$ 383,956
Net realized gain (loss)	**(257,088)**	(67,803)
Total investment income received	**$ 387,304**	$ 316,153

NOTE 4: COMMITMENTS AND CONTINGENCIES

The Association assesses potential liabilities in connection with lawsuits and threatened lawsuits. The filing of a suit or a formal assertion of a claim or assessment does not automatically indicate that accrual of a loss is appropriate. The Association is currently a party to arbitrations occurring in the normal course of operations. The Association has determined that it is less than reasonably possible that potential significant liabilities will occur in connection with ongoing cases.

Claims in litigation or threatened litigation that result from the Association's obligation to meet the contractual duties of liquidated insurers are limited by the statutory caps on the Association's liability on a per life per company basis, and liability is also limited by that section of Chapter 631, Part III, exempting the Association from punitive damages and interest. Historically, most litigated claims are settled on a compromise basis and, in any event, no claim pending or threatened is greater than an amount on a per life and per company basis beyond $100,000, $250,000, $300,000, or $500,000, depending on the applicable statutory cap, as far as can be reasonably anticipated.

The statutory liability limits on claims and the statutory authority to assess its member insurers to cover claims are designed to cover these potential liabilities. No litigation is anticipated from the Association's other major insolvencies as listed in the preceding note.

During 2022, one member overpaid their assessments by approximately $100,000. This amount will be returned to the member during the year ended December 31, 2023.

NOTE 4: COMMITMENTS AND CONTINGENCIES (Continued)

Future Obligations for Known Insolvencies

As part of its obligation under Florida Statutes to protect policyholders, the Association is liable for the contractual obligations of the impaired companies it administers. Under Florida Statutes, the Association is empowered to assess and collect from its members the funds necessary to carry out its purpose. The total estimated insurance contractual liability associated with open insolvencies was $26,033,311 and $40,806,205 at December 31, 2022 and 2021, respectively. Disbursements related to this liability totaled $675,097 from December 31, 2022 through the date of this report.

Florida Life and Health Insurance Guaranty Association
Schedules of Changes in Net Assets by Account-Modified Cash Basis
Year ended December 31, 2022 with summarized totals for 2021

	Life	Annuity	A&H	Long-Term Care	Administrative	2022 Total	(Summarized) 2021 Total
Revenues:							
Member company assessments	$ -	$ -	$ 495,483	$ 66	$ 296,500	**$ 792,049**	$ 8,401,113
Investment income	70,118	150,603	166,583	-	-	**387,304**	316,153
Estate distributions	-	-	-	749,700	-	**749,700**	1,566,091
Policyholder premium receipts	862	-	425,224	87,903	-	**513,989**	716,657
Total revenues	70,980	150,603	1,087,290	837,669	296,500	**2,443,042**	11,000,014
Expenses:							
Policyholder benefit claims	50,439	15,954	2,286,535	491,423	-	**2,844,351**	2,903,150
NOLHGA expense	189,260	119,185	595,893	(23,414)	-	**880,924**	947,478
General and administrative	49,416	43,966	262,007	71,873	160,333	**587,595**	622,347
Total expenses	289,115	179,105	3,144,435	539,882	160,333	**4,312,870**	4,472,975
Change in net assets	(218,135)	(28,502)	(2,057,145)	297,787	136,167	**(1,869,828)**	6,527,039
Net assets without donor restrictions, beginning of the year	7,946,095	16,977,193	19,780,472	(934,244)	(397,414)	**43,372,102**	36,845,063
Net assets without donor restrictions, end of the year	$ 7,727,960	$ 16,948,691	$ 17,723,327	$ (636,457)	$ (261,247)	**$ 41,502,274**	$ 43,372,102

See Independent Auditors' Report.

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*Serves on all committees through position of Association Chair

FLAHIGA CONTACTS

EXECUTIVE DIRECTOR

Michelle Robleto
1400 Village Square Blvd, Ste. 3-13
Tallahassee, FL 32312

DEPUTY TREASURER

Brad Taman
1880 Eastwest Pkwy #10162
Fleming Island, FL
32006-7787

FLAHIGA

FLORIDA LIFE & HEALTH GUARANTY ASSOCIATION
1400 VILLAGE SQUARE BLVD, STE. 3-13
TALLAHASSEE, FL 32312
TOLL-FREE (800) 695-1468
PHONE / FAX (850) 523-1870