

WESTERN GUARANTY FUND SERVICES

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 186,226	\$ 186,166
Accounts receivable	200,483	196,478
Prepaid expenses	<u>57,317</u>	<u>37,278</u>
Total current assets	444,026	419,922
FURNITURE AND EQUIPMENT, NET	13,188	15,648
DEPOSITS	<u>10,103</u>	<u>7,604</u>
TOTAL	<u>\$ 467,317</u>	<u>\$ 443,174</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 9,723	\$ 8,006
Accrued liabilities	<u>94,407</u>	<u>69,520</u>
Total current liabilities	104,130	77,526
ADVANCES FROM MEMBER FUNDS	<u>363,187</u>	<u>365,648</u>
TOTAL LIABILITIES	<u>467,317</u>	<u>443,174</u>
NET ASSETS WITHOUT DONOR RESTRICTION	<u>—</u>	<u>—</u>
TOTAL	<u>\$ 467,317</u>	<u>\$ 443,174</u>

See notes to financial statements.

WESTERN GUARANTY FUND SERVICES

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
REVENUES		
Operating assessments	\$ 2,015,380	\$ 1,783,642
EXPENSES		
Operating expenses (allocated to Member Guaranty Associations):		
Salaries and payroll taxes	1,278,431	1,149,150
Professional services	212,465	107,400
Employee benefits	182,136	172,899
Rent	136,557	122,562
Travel and meetings	67,852	76,535
Pension contribution	56,243	60,440
Supplies and other	34,680	37,040
Business insurance	23,077	24,779
Equipment expense	15,231	24,875
Telephone	8,708	7,962
Total expenses	<u>2,015,380</u>	<u>1,783,642</u>
CHANGE IN NET ASSETS	<u>—</u>	<u>—</u>
NET ASSETS WITHOUT DONOR RESTRICTION, BEGINNING OF YEAR	<u>—</u>	<u>—</u>
NET ASSETS WITHOUT DONOR RESTRICTION, END OF YEAR	<u>\$ —</u>	<u>\$ —</u>

See notes to financial statements.

WESTERN GUARANTY FUND SERVICES

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
OPERATING ACTIVITIES		
Change in net assets	\$ —	\$ —
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	10,827	18,934
Changes in operating assets and liabilities:		
Accounts receivable	(4,005)	(12,825)
Prepaid expenses and deposits	(22,538)	22,568
Accounts payable	1,717	409
Accrued liabilities	24,887	853
Net cash provided by operating activities	<u>10,888</u>	<u>29,939</u>
INVESTING ACTIVITIES		
Net cash used in investing activities —		
Purchases of furniture and equipment	<u>(8,367)</u>	<u>(5,920)</u>
FINANCING ACTIVITIES		
Net cash used in financing activities —		
Repayments of member funds, net	<u>(2,461)</u>	<u>(13,014)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	60	11,005
CASH AND CASH EQUIVALENTS, Beginning of year	<u>186,166</u>	<u>175,161</u>
CASH AND CASH EQUIVALENTS, Ending of year	<u>\$ 186,226</u>	<u>\$ 186,166</u>

See notes to financial statements.

WESTERN GUARANTY FUND SERVICES

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business — Western Guaranty Fund Services (the Company) is a not-for-profit, unincorporated association of the insurance guaranty associations in the states of Colorado, Idaho, Kansas, Montana, Nebraska, Washington and Wyoming (Member Guaranty Associations). These Member Guaranty Associations were created by statute in their respective states to pay policy holder claims in connection with insolvent insurers covered by the guaranty fund statutes in their respective states. The Company, located in Denver, Colorado, provides management services to the Member Guaranty Associations, the expense of which is borne by the Member Guaranty Associations. Operating expenses are allocated to the Member Guaranty Associations and individual insolvencies based on claim volume and complexity.

Basis of Presentation — The financial statements of the Company have been prepared on the accrual basis.

Cash and Cash Equivalents — The Company considers all highly liquid temporary cash investments with an original maturity of 90 days or less to be cash equivalents.

Accounts Receivable — Accounts receivable are from the various Member Guaranty Associations for reimbursement of association-specific expenses paid by the Company and reimbursements of the Company's operating expenses allocated to the associations. Accounts receivable are considered by management to be fully collectible.

Furniture and Equipment — Furniture and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives of three to ten years.

Revenue and Operating Expenses — Revenue consists solely of assessments of Member Guaranty Associations for operating expenses. Assessments are recorded as revenue when operating expenses are incurred. Operating expenses are allocated to Member Guaranty Associations based on a claim rating system which factors in the complexity and time involved for open claims for each insolvency within each state.

Direct costs related to specific insolvencies paid by the Company and reimbursed by the Member Guaranty Associations were \$556,865 and \$546,521 during the years ended December 31, 2018 and 2017, respectively. These expenses are not recorded as revenue or expense by the Company.

Income Taxes — The Company is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes.

The Company believes that it does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates — The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle — On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958)- *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. During 2018, management implemented ASU 2016-14 and adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events — The Company has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

There are no contractual restrictions or board designations on financial assets to meet cash needs for general expenditures. The following table reflects the Organization's financial assets as of December 31, 2018 and 2017:

	2018	2017
Cash and cash equivalents	\$ 186,226	\$ 186,166
Accounts receivable, net	<u>200,483</u>	<u>196,478</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 386,709</u>	<u>\$ 382,644</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's policy to manage an emergency cash flow is to evaluate actual monthly expenses and compare with amounts forecasted to determine if it is necessary to increase the amount of advances from member funds. The Organization manages their cash flow for a one-year cycle from the balance sheet date.

3. FUNCTIONAL EXPENSES ALLOCATION METHODS

The financial statement reports certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include all operating expenses of the organization since they are incurred for one function. A reasonable estimate is 90% toward the function and mission of the organization and 10% management and general activities which are allocated on the basis of estimates of time and effort.

4. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following as of December 31:

	2018	2017
Furniture and equipment	\$ 644,913	\$ 678,423
Less accumulated depreciation	<u>631,725</u>	<u>662,775</u>
Furniture and equipment, net	<u>\$ 13,188</u>	<u>\$ 15,648</u>

5. MEMBER GUARANTY ASSOCIATION FUNDS

The Member Guaranty Associations were established to provide funds for the settlement of covered claims for losses or return of unearned premiums on covered policies of insolvent insurers, through assessing member insurers within each state. These Member Guaranty Associations have organized the Company to assist in the discharge of their statutory responsibilities. Member Guaranty Association funds, reported on a cash basis, under management by the Company amounted to \$200,912,158 and \$188,271,514 as of December 31, 2018 and 2017, respectively.

The following summarizes fund transactions of Member Guaranty Associations during the years ended December 31:

	2018	2017
Member Guaranty Association funds, beginning of year	\$ 188,271,514	\$ 180,598,223
Cash receipts:		
Member insurer assessments	453,008	3,789,871
Interest income	2,889,494	2,103,645
Recoveries	20,405,895	10,007,662
Special Deposits		98,789
Large deductible workers' compensation	<u> </u>	<u>1,224</u>
Total cash receipts	<u>\$ 23,748,397</u>	<u>\$ 16,001,191</u>

	2018	2017
Cash disbursements:		
Premium refunds	\$ 379,529	
Losses	7,077,709	\$ 5,010,366
Loss adjusting expense - allocated	1,000,413	959,404
Loss adjusting expense - unallocated	2,565,779	2,304,324
Refund of assessments	<u>84,323</u>	<u>53,806</u>
Total cash disbursements	<u>11,107,753</u>	<u>8,327,900</u>
Member Guaranty Association funds, end of year	<u>\$ 200,912,158</u>	<u>\$ 188,271,514</u>

Member Guaranty Association funds, by state association are as follows as of December 31:

	2018	2017
Colorado	\$ 79,228,495	\$ 73,833,408
Idaho	5,382,253	6,441,363
Kansas	33,720,757	31,766,148
Montana	16,078,564	16,570,369
Nebraska	36,539,618	37,630,483
Washington	28,442,968	20,509,638
Wyoming	<u>1,519,503</u>	<u>1,520,105</u>
Total	<u>\$ 200,912,158</u>	<u>\$ 188,271,514</u>

Nebraska Guaranty Association has available a \$5,000,000 revolving line of credit, bearing interest at the prime rate, renewable annually. The line of credit bears interest at the prime interest rate (5.50% at December 31, 2018). The line of credit matures on September 30, 2019. There were no draws on the line during the years ended December 31, 2018 and 2017 and there is no outstanding balance at December 31, 2018 and 2017.

The unaudited reserve for unpaid loss and loss adjustment expenses as estimated by the Company for each Member Guaranty Association as of December 31 is as follows:

	2018	2017
Colorado	\$ 42,462,708	\$ 42,110,499
Idaho	7,346,835	6,066,200
Kansas	16,656,319	18,663,859
Montana	23,885,684	27,465,980
Nebraska	28,903,460	25,378,425
Washington	11,923,864	11,858,802
Wyoming	<u>341,284</u>	<u>302,316</u>
Total	<u>\$ 131,520,154</u>	<u>\$ 131,846,081</u>

6. ADVANCES FROM MEMBER GUARANTY ASSOCIATIONS

The Company receives advances from the Member Guaranty Associations to finance operations and to acquire furniture and equipment. If the Company Board of Directors voted to dissolve the Company (by a two-thirds vote), as of December 31, 2018, \$350,000 of the amount advanced is refundable to the respective state Member Guaranty Associations. Amounts in excess of \$350,000 are recognized as operating assessment revenue in connection with the recognition of depreciation of the furniture and equipment which were acquired with the advances.

7. COMMITMENTS AND CONTINGENCIES

The Company leases its office facilities under a non-cancellable operating lease. The lease requires the Company to be responsible for insurance, maintenance of the premises, and its pro rata share of the increase in building operating costs over such costs incurred in 2018, the base year of the lease. Additionally, the Company leases equipment under operating leases. Rent and lease expense was \$140,784 and \$126,508, respectively for the years ended December 31, 2018 and 2017. The future operating lease commitments, exclusive of operating costs, for the years ended December 31 are as follows:

2019	\$ 124,987
2020	<u>72,975</u>
Total	<u>\$ 197,962</u>

8. CONCENTRATIONS OF CREDIT RISK

Certain financial instruments potentially subject the Company to concentrations of credit risk, primarily cash maintained in banks. The Company's operating cash periodically exceeds the FDIC insurance limits.

9. RETIREMENT PLAN

All employees are eligible to participate in a qualified 401(k) retirement plan on the first semi-annual plan entry date following one year of service. The Company contributes 3% of annual salary for all employees, regardless of participation, which is 100% vested immediately. In addition, the Company matches up to an additional 3% of an employee's contribution which is 100% vested after three years of service. Retirement plan contributions for the years ended December 31, 2018 and 2017 were \$56,243 and \$60,440, respectively.

WESTERN GUARANTY FUND SERVICES

SUPPLEMENTAL SCHEDULES

WESTERN GUARANTY FUND SERVICES

Statement of Cash Receipts and Disbursements of Insolvencies
on Behalf of the N E B R A S K A Property &
Liability Insurance Guaranty Association

Year Ended December 31, 2018

	Iowa National	Reopened Mission National	American Mutual of Boston	Rockwood	United Southern	Lutheran Benevolent	Credit General	Reliance
Cash receipts:								
Member insurer assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	19,526	201	2,533	3,482	202	8	34,759	173,654
Recoveries	-	-	-	-	11	-	-	1,589,674
Large deductible	-	-	-	-	-	-	-	-
Transfers (to) from other insolvencies	-	(2,075)	2,075	-	(2,616)	-	-	(8,350,000)
Total cash receipts	<u>19,526</u>	<u>(1,874)</u>	<u>4,608</u>	<u>3,482</u>	<u>(2,402)</u>	<u>8</u>	<u>34,759</u>	<u>(6,586,672)</u>
Cash disbursements:								
Premium refunds	-	-	-	-	-	-	-	-
Losses	6,933	-	1,568	8,944	-	-	16,275	222,661
Loss adjusting expenses - allocated	-	-	3	-	-	-	164	8,082
Loss adjusting expenses - unallocated	1,517	-	3,034	1,517	-	-	3,034	39,237
Refund of assessments	-	38,571	-	-	38,267	1,580	-	-
Advance to WGFS	-	-	-	-	-	-	-	-
Total cash disbursements	<u>8,450</u>	<u>38,571</u>	<u>4,604</u>	<u>10,461</u>	<u>38,267</u>	<u>1,580</u>	<u>19,472</u>	<u>269,980</u>
Increase (decrease) in restricted member guaranty funds	11,076	(40,445)	4	(6,979)	(40,669)	(1,572)	15,287	(6,856,652)
Restricted member guaranty funds:								
Beginning of year	1,335,703	40,445	173,448	243,610	40,680	1,572	2,380,481	16,047,560
End of year	<u>\$ 1,346,779</u>	<u>\$ -</u>	<u>\$ 173,452</u>	<u>\$ 236,631</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 2,395,768</u>	<u>\$ 9,190,908</u>
Composition of restricted member guaranty funds								
December 31, 2018:								
Cash and cash equivalents	\$ 138,801	\$ -	\$ 17,876	\$ 24,387	\$ 1	\$ -	\$ 246,911	\$ 947,226
Investments	1,207,978	-	155,576	212,244	10	-	2,148,857	8,243,682
	<u>\$ 1,346,779</u>	<u>\$ -</u>	<u>\$ 173,452</u>	<u>\$ 236,631</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 2,395,768</u>	<u>\$ 9,190,908</u>

Schedule 5

See accompanying independent auditors' report

Nebraska (continued)

WESTERN GUARANTY FUND SERVICES

Statement of Cash Receipts and Disbursements of Insolvencies
on Behalf of the N E B R A S K A Property &
Liability Insurance Guaranty Association

Year Ended December 31, 2018

	Phico	Home	Fremont Insurance	Legion	Atlantic Mutual	Casualty Reciprocal Exchange	Lumbermen Mutual Casualty	Ullico Casualty
Cash receipts:								
Member insurer assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592	\$ -
Interest income	18,340	6,914	14,297	91,503	4,628	22	59,393	4,496
Recoveries	11,400	4	(382,376)	-	2,918	5,883	199,084	-
Large deductible	-	-	-	-	-	-	-	-
Transfers (to) from other insolvencies	-	-	-	-	-	-	-	2,116
Total cash receipts	<u>29,740</u>	<u>6,918</u>	<u>(368,079)</u>	<u>91,503</u>	<u>7,546</u>	<u>5,906</u>	<u>259,069</u>	<u>6,612</u>
Cash disbursements:								
Premium refunds	-	-	-	-	-	-	-	-
Losses	8,240	99,862	2,369	186,273	1,950	-	224,445	11,382
Loss adjusting expenses - allocated	10	878	9	11,675	18	-	15,372	1,159
Loss adjusting expenses - unallocated	2,739	11,500	6,715	16,764	3,034	-	54,264	3,078
Refund of assessments	-	-	-	-	-	5,906	-	-
Advance to WGFS	-	-	-	-	-	-	-	-
Total cash disbursements	<u>10,989</u>	<u>112,240</u>	<u>9,093</u>	<u>214,712</u>	<u>5,001</u>	<u>5,906</u>	<u>294,081</u>	<u>15,619</u>
Increase (decrease) in restricted member guaranty funds	18,751	(105,322)	(377,172)	(123,210)	2,545	-	(35,012)	(9,007)
Restricted member guaranty funds:								
Beginning of year	<u>1,249,107</u>	<u>567,500</u>	<u>1,054,200</u>	<u>6,357,539</u>	<u>317,438</u>	<u>-</u>	<u>4,072,455</u>	<u>316,137</u>
End of year	<u>\$ 1,267,858</u>	<u>\$ 462,179</u>	<u>\$ 677,028</u>	<u>\$ 6,234,329</u>	<u>\$ 319,983</u>	<u>\$ -</u>	<u>\$ 4,037,442</u>	<u>\$ 307,130</u>
Composition of restricted member guaranty funds								
December 31, 2018:								
Cash and cash equivalents	\$ 130,667	\$ 47,633	\$ 69,775	\$ 642,517	\$ 32,978	\$ -	\$ 416,103	\$ 31,653
Investments	1,137,191	414,546	607,252	5,591,812	287,005	-	3,621,339	275,477
	<u>\$ 1,267,858</u>	<u>\$ 462,179</u>	<u>\$ 677,028</u>	<u>\$ 6,234,329</u>	<u>\$ 319,983</u>	<u>\$ -</u>	<u>\$ 4,037,442</u>	<u>\$ 307,130</u>

Schedule 5

See accompanying independent auditors' report

Nebraska

(continued)

WESTERN GUARANTY FUND SERVICES

Statement of Cash Receipts and Disbursements of Insolvencies
on Behalf of the N E B R A S K A Property &
Liability Insurance Guaranty Association

Year Ended December 31, 2018

	Freestone	Red Rock	Lumbermen Underwriting Alliance	Castlepoint National	Guarantee Insurance	Admin	Total
Cash receipts:							
Member insurer assessments	\$ -	\$ 22,780	\$ -	\$ 20,724	\$ -	\$ 42,000	\$ 86,096
Interest income	1,820	40,877	326	42,150	13,090	608	532,828
Recoveries	-	-	-	-	-	-	1,426,598
Large deductible	-	-	-	-	-	-	-
Transfers (to) from other insolvencies	500	850,000	-	4,000,000	3,500,000	-	-
Total cash receipts	<u>2,320</u>	<u>913,657</u>	<u>326</u>	<u>4,062,874</u>	<u>3,513,090</u>	<u>42,608</u>	<u>2,045,522</u>
Cash disbursements:							
Premium refunds	-	-	-	-	289,369	-	289,369
Losses	9,100	132,443	-	87,054	864,054	-	1,883,554
Loss adjusting expenses - allocated	98	16,472	-	15,771	245,018	-	314,727
Loss adjusting expenses - unallocated	4,516	28,980	3,446	6,465	302,346	72,229	564,414
Refund of assessments	-	-	-	-	-	-	84,323
Advance to WGFS	-	-	-	-	-	-	-
Total cash disbursements	<u>13,714</u>	<u>177,895</u>	<u>3,446</u>	<u>109,290</u>	<u>1,700,788</u>	<u>72,229</u>	<u>3,136,388</u>
Increase (decrease) in restricted member guaranty funds	(11,394)	735,763	(3,119)	3,953,584	1,812,302	(29,622)	(1,090,865)
Restricted member guaranty funds:							
Beginning of year	131,441	2,445,918	24,148	844,512	(101,169)	87,756	37,630,483
End of year	<u>\$ 120,047</u>	<u>\$ 3,181,681</u>	<u>\$ 21,028</u>	<u>\$ 4,798,096</u>	<u>\$ 1,711,133</u>	<u>\$ 58,135</u>	<u>\$ 36,539,618</u>
Composition of restricted member guaranty funds							
December 31, 2018:							
Cash and cash equivalents	\$ 12,372	\$ 327,908	\$ 2,167	\$ 494,497	\$ 176,351	\$ 5,991	\$ 3,765,816
Investments	107,675	2,853,773	18,861	4,303,599	1,534,782	52,143	32,773,802
	<u>\$ 120,047</u>	<u>\$ 3,181,681</u>	<u>\$ 21,028</u>	<u>\$ 4,798,096</u>	<u>\$ 1,711,133</u>	<u>\$ 58,135</u>	<u>\$ 36,539,618</u>

Schedule 5

See accompanying independent auditors' report

Nebraska (concluded)

WESTERN GUARANTY FUND SERVICES

Statement of Cash Receipts and Disbursements of Insolvencies
on Behalf of the N E B R A S K A Property &
Liability Insurance Guaranty Association

Period from Insolvency Through December 31, 2018 (Unaudited)

	Iowa National 10/10/1985	American Mutual of Boston 3/9/1989	Rockwood 8/26/1991	United Southern 11/10/1995	Credit General 1/5/2001	Reliance 10/3/2001	Phico 2/1/2002	Home 6/13/2003
Cash receipts:								
Member insurer assessments	\$ 4,083,823	\$ 1,199,966	\$ 1,100,000	\$ -	\$ 2,938,217	\$ 12,816,161	\$ 2,349,945	\$ 930,585
Interest income	1,692,180	92,438	298,298	259	470,492	2,267,773	172,686	172,128
Recoveries	2,786,063	89,748	304,931	40,635	757,385	13,168,815	2,710,712	798,387
Large deductible	-	-	-	-	-	(7,481)	-	-
Transfers (to) from other insolvencies	(330,330)	2,075	-	(2,616)	-	(8,350,000)	(39,963)	-
Total cash receipts	<u>8,231,737</u>	<u>1,384,227</u>	<u>1,703,229</u>	<u>38,278</u>	<u>4,166,094</u>	<u>19,895,268</u>	<u>5,193,381</u>	<u>1,901,100</u>
Cash disbursements:								
Premium refunds	-	-	-	-	1,385	36,472	145,182	-
Losses	2,535,199	868,584	1,182,729	-	1,551,825	9,437,229	3,430,361	1,224,472
Loss adjusting expenses - allocated	84,463	30,675	20,090	-	27,532	215,628	72,694	26,384
Loss adjusting expenses - unallocated	181,472	311,515	263,779	-	189,583	1,015,031	277,286	188,066
Refund of assessments	4,083,823	-	-	38,267	-	-	-	-
Total cash disbursements	<u>6,884,957</u>	<u>1,210,775</u>	<u>1,466,598</u>	<u>38,267</u>	<u>1,770,326</u>	<u>10,704,359</u>	<u>3,925,523</u>	<u>1,438,922</u>
Operating expenses:								
Advance to WGFS	-	-	-	-	-	-	-	-
Total operating expenses	-	-	-	-	-	-	-	-
Total cash disbursements	<u>6,884,957</u>	<u>1,210,775</u>	<u>1,466,598</u>	<u>38,267</u>	<u>1,770,326</u>	<u>10,704,359</u>	<u>3,925,523</u>	<u>1,438,922</u>
BALANCE, End of year	<u>\$ 1,346,779</u>	<u>\$ 173,452</u>	<u>\$ 236,631</u>	<u>\$ 11</u>	<u>\$ 2,395,768</u>	<u>\$ 9,190,908</u>	<u>\$ 1,267,858</u>	<u>\$ 462,179</u>
Composition of restricted member Guaranty Funds December 31, 2018:								
Cash and cash equivalents	\$ 138,801	\$ 17,876	\$ 24,387	\$ 1	\$ 246,911	\$ 947,226	\$ 130,667	\$ 47,633
Investments	1,207,978	155,576	212,244	10	2,148,857	8,243,682	1,137,191	414,546
	<u>\$ 1,346,779</u>	<u>\$ 173,452</u>	<u>\$ 236,631</u>	<u>\$ 11</u>	<u>\$ 2,395,768</u>	<u>\$ 9,190,908</u>	<u>\$ 1,267,858</u>	<u>\$ 462,179</u>
Reserve for losses and allocated								
Adjusting expense at December 31, 2018	<u>\$ 99,485</u>	<u>\$ 51,043</u>	<u>\$ 76,068</u>	<u>\$ -</u>	<u>\$ 797,669</u>	<u>\$ 4,940,755</u>	<u>\$ -</u>	<u>\$ 489,975</u>

Schedule 12

Nebraska (continued)

WESTERN GUARANTY FUND SERVICES

Statement of Cash Receipts and Disbursements of Insolvencies
on Behalf of the N E B R A S K A Property &
Liability Insurance Guaranty Association

Period from Insolvency Through December 31, 2018 (Unaudited)

	Fremont Insurance 7/2/2003	Legion 7/28/2003	Atlantic Mutual 4/27/2011	Lumbermen Mutual Casualty 5/10/2013	Ullico Casualty 5/30/2013	Freestone 8/15/2014	Red Rock 8/21/2014	Lumbermen Underwriting 5/23/2016
Cash receipts:								
Member insurer assessments	\$ 2,073,658	\$ 6,653,383	\$ 391,281	\$ 5,036,913	\$ 496,505	\$ 194,520	\$ 3,547,283	\$ -
Interest income	56,279	632,565	11,276	133,293	11,331	3,215	50,686	396
Recoveries	1,291,779	3,424,912	16,070	376,507	-	-	-	-
Large deductible	-	3,998	-	-	-	-	-	-
Transfers (to) from other insolvencies	-	-	-	220,000	2,116	60,500	850,000	32,000
Total cash receipts	<u>3,421,716</u>	<u>10,714,858</u>	<u>418,627</u>	<u>5,766,713</u>	<u>509,952</u>	<u>258,235</u>	<u>4,447,969</u>	<u>32,396</u>
Cash disbursements:								
Premium refunds	-	55,733	-	-	-	-	-	-
Losses	2,497,116	3,849,952	62,429	1,260,312	171,848	96,477	893,890	-
Loss adjusting expenses - allocated	79,767	81,934	3,101	72,077	6,770	4,203	155,596	-
Loss adjusting expenses - unallocated	167,805	492,909	33,113	396,882	24,204	37,508	216,803	11,367
Refund of assessments	-	-	-	-	-	-	-	-
Total cash disbursements	<u>2,744,688</u>	<u>4,480,528</u>	<u>98,644</u>	<u>1,729,270</u>	<u>202,822</u>	<u>138,188</u>	<u>1,266,288</u>	<u>11,367</u>
Operating expenses:								
Advance to WGFS	-	-	-	-	-	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash disbursements	<u>2,744,688</u>	<u>4,480,528</u>	<u>98,644</u>	<u>1,729,270</u>	<u>202,822</u>	<u>138,188</u>	<u>1,266,288</u>	<u>11,367</u>
BALANCE, End of year	<u>\$ 677,028</u>	<u>\$ 6,234,329</u>	<u>\$ 319,983</u>	<u>\$ 4,037,442</u>	<u>\$ 307,130</u>	<u>\$ 120,047</u>	<u>\$ 3,181,681</u>	<u>\$ 21,028</u>
Composition of restricted member Guaranty Funds December 31, 2018:								
Cash and cash equivalents	\$ 69,775	\$ 642,517	\$ 32,978	\$ 416,103	\$ 31,653	\$ 12,372	\$ 327,908	\$ 2,167
Investments	607,252	5,591,812	287,005	3,621,339	275,477	107,675	2,853,773	18,861
	<u>\$ 677,028</u>	<u>\$ 6,234,329</u>	<u>\$ 319,983</u>	<u>\$ 4,037,442</u>	<u>\$ 307,130</u>	<u>\$ 120,047</u>	<u>\$ 3,181,681</u>	<u>\$ 21,028</u>
Reserve for losses and allocated Adjusting expense at December 31, 2018	<u>\$ 252,010</u>	<u>\$ 5,500,013</u>	<u>\$ 183,517</u>	<u>\$ 4,994,279</u>	<u>\$ -</u>	<u>\$ 134,224</u>	<u>\$ 3,125,723</u>	<u>\$ 26,811</u>

Schedule 12

Nebraska (continued)

WESTERN GUARANTY FUND SERVICES

Statement of Cash Receipts and Disbursements of Insolvencies
on Behalf of the N E B R A S K A Property &
Liability Insurance Guaranty Association

Period from Insolvency Through December 31, 2018 (Unaudited)

	Castlepoint National 3/30/2017	Guarantee Insurance 11/27/2017	Admin	* Closed Insolvencies	Total
Cash receipts:					
Member insurer assessments	\$ 998,381	\$ -	\$ 1,354,715	\$ 2,702,125	\$ 48,867,461
Interest income	43,223	13,090	228,975	232,785	6,583,368
Recoveries	-	-	211,805	666,393	26,644,141
Large deductible	-	-	-	-	(3,483)
Transfers (to) from other insolvencies	4,000,000	3,500,000	-	56,218	0
Total cash receipts	5,041,604	3,513,090	1,795,495	3,657,520	82,091,487
Cash disbursements:					
Premium refunds	-	289,369	-	2,625	530,766
Losses	204,720	964,683	77,277	542,583	30,851,689
Loss adjusting expenses - allocated	26,363	245,018	-	15,433	1,167,726
Loss adjusting expenses - unallocated	12,425	302,886	1,389,603	244,542	5,756,779
Refund of assessments	-	-	220,481	2,852,338	7,194,908
Total cash disbursements	243,508	1,801,957	1,687,361	3,657,520	45,501,869
Operating expenses:					
Advance to WGFS	-	-	50,000	-	50,000
Total operating expenses	-	-	50,000	-	50,000
Total cash disbursements	243,508	1,801,957	1,737,361	3,657,520	45,551,869
BALANCE, End of year	\$ 4,798,096	\$ 1,711,133	\$ 58,135	\$ -	\$ 36,539,618
Composition of restricted member Guaranty Funds December 31, 2018:					
Cash and cash equivalents	\$ 494,497	\$ 176,351	\$ 5,991	\$ -	\$ 3,765,816
Investments	4,303,599	1,534,782	52,143	-	32,773,802
	\$ 4,798,096	\$ 1,711,133	\$ 58,135	\$ -	\$ 36,539,618
Reserve for losses and allocated Adjusting expense at December 31, 2018					
	\$ 4,753,895	\$ 3,477,996	\$ -	\$ -	\$ 28,903,460

* Closed Insolvencies American Mutual Liability; Centennial; Casualty Reciprocal; Commercial Comp; HHH; Imperial Casualty; Integrity; Lutheran Benevolent; Mission National; Transit Casualty; United Community; Villanova; Western Employers

Schedule 12

Nebraska (concluded)