

WESTERN GUARANTY FUND SERVICES

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 186,166	\$ 175,161
Accounts receivable	196,478	183,653
Prepaid expenses	<u>37,278</u>	<u>59,846</u>
Total current assets	419,922	418,660
FURNITURE AND EQUIPMENT, NET	15,648	28,662
DEPOSITS	<u>7,604</u>	<u>7,604</u>
TOTAL	<u>\$ 443,174</u>	<u>\$ 454,926</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 8,006	\$ 7,597
Accrued liabilities	<u>69,520</u>	<u>68,667</u>
Total current liabilities	77,526	76,264
ADVANCES FROM MEMBER FUNDS	<u>365,648</u>	<u>378,662</u>
TOTAL LIABILITIES	<u>443,174</u>	<u>454,926</u>
UNRESTRICTED NET ASSETS	<u>—</u>	<u>—</u>
TOTAL	<u>\$ 443,174</u>	<u>\$ 454,926</u>

See notes to financial statements.

WESTERN GUARANTY FUND SERVICES

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
REVENUES		
Operating assessments	\$ 1,783,642	\$ 1,864,013
EXPENSES		
Operating expenses (allocated to Member Guaranty Associations):		
Salaries and payroll taxes	1,149,150	1,216,169
Employee benefits	172,899	159,646
Rent	122,562	126,640
Professional services	107,400	121,847
Travel and meetings	76,535	66,347
Pension contribution	60,440	64,091
Supplies and other	37,040	45,278
Equipment expense	24,875	31,238
Business insurance	24,779	25,384
Telephone	7,962	7,373
Total expenses	<u>1,783,642</u>	<u>1,864,013</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>—</u>	<u>—</u>
NET ASSETS, BEGINNING OF YEAR	<u>—</u>	<u>—</u>
NET ASSETS, 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, 2017 AND 2016

	2017	2016
OPERATING ACTIVITIES		
Change in net assets	\$ —	\$ —
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	18,934	26,436
Changes in operating assets and liabilities:		
Accounts receivable	(12,825)	49,122
Prepaid expenses and deposits	22,568	(25,811)
Accounts payable	409	(20,365)
Accrued liabilities	853	(1,606)
Net cash provided by operating activities	<u>29,939</u>	<u>27,776</u>
INVESTING ACTIVITIES		
Net cash used in investing activities —		
Purchases of equipment	<u>(5,920)</u>	<u>(19,331)</u>
FINANCING ACTIVITIES		
Net cash used in financing activities —		
Repayments of member funds, net	<u>(13,014)</u>	<u>(7,105)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,005	1,340
CASH AND CASH EQUIVALENTS, Beginning of year	<u>175,161</u>	<u>173,821</u>
CASH AND CASH EQUIVALENTS, Ending of year	<u>\$ 186,166</u>	<u>\$ 175,161</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 \$546,521 and \$572,877 during the years ended December 31, 2017 and 2016, 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.

Tax years that remain subject to examination include 2014 through the current period. 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.

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. FURNITURE AND EQUIPMENT

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

	2017	2016
Furniture and equipment	\$ 678,423	\$ 673,505
Less accumulated depreciation	<u>662,775</u>	<u>644,843</u>
Furniture and equipment, net	<u>\$ 15,648</u>	<u>\$ 28,662</u>

3. 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 \$188,271,514 and \$180,598,223 as of December 31, 2017 and 2016, respectively.

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

	2017	2016
Member Guaranty Association funds, beginning of year	<u>\$ 180,598,223</u>	<u>\$ 182,441,774</u>
Cash receipts:		
Member insurer assessments	3,789,871	2,502,358
Interest income	2,103,645	1,586,517
Recoveries	10,007,662	4,198,145
Special Deposits	98,789	
Large deductible workers' compensation	<u>1,224</u>	<u>656,808</u>
Total cash receipts	<u>\$ 16,001,191</u>	<u>\$ 8,943,828</u>

	2017	2016
Cash disbursements:		
Losses	5,010,366	7,583,875
Loss adjusting expense — allocated	959,404	625,115
Loss adjusting expense — unallocated	2,304,324	2,478,828
Refund of assessments	<u>53,806</u>	<u>99,561</u>
Total cash disbursements	<u>8,327,900</u>	<u>10,787,379</u>
Member Guaranty Association funds, end of year	<u>\$ 188,271,514</u>	<u>\$ 180,598,223</u>

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

	2017	2016
Colorado	\$ 73,833,408	\$ 73,416,701
Idaho	6,441,363	6,758,410
Kansas	31,766,148	28,430,439
Montana	16,570,369	17,384,382
Nebraska	37,630,483	33,362,796
Washington	20,509,638	19,735,959
Wyoming	<u>1,520,105</u>	<u>1,509,536</u>
Total	<u>\$ 188,271,514</u>	<u>\$ 180,598,223</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 (4.50% at December 31, 2017). The line of credit matures on September 30, 2018. There were no draws on the line during the years ended December 31, 2017 and 2016 and there is no outstanding balance at December 31, 2017 and 2016.

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:

	2017	2016
	(unaudited)	(unaudited)
Colorado	\$ 42,110,499	\$ 42,356,219
Idaho	6,066,200	6,356,191
Kansas	18,663,859	22,681,908
Montana	27,465,980	24,222,682
Nebraska	25,378,425	22,208,930
Washington	11,858,802	12,342,177
Wyoming	<u>302,316</u>	<u>318,357</u>
Total	<u>\$ 131,846,081</u>	<u>\$ 130,486,464</u>

4. **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, 2017, \$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.

5. **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 2017, the base year of the lease. Additionally, the Company leases equipment under operating leases. Rent and lease expense was \$126,508 and \$130,719, respectively for the years ended December 31, 2017 and 2016. The future operating lease commitments, exclusive of operating costs, for the years ended December 31 are as follows:

2018	\$	123,948
2019		124,443
2020		<u>72,975</u>
Total	\$	<u>321,366</u>

6. **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.

7. **SCHEDULE OF PROGRAM AND SUPPORTING SERVICES**

The Company provides management and other supervisory services to Member Guaranty Associations in connection with insolvent insurers covered by the guaranty fund statutes in their respective states.

The following summarizes the Company's expenses by program and supporting services:

	2017	2016
Program services:		
Management and other supervisory services	\$ 1,605,278	\$ 1,677,612
Supporting Services:		
General and administrative	<u>178,364</u>	<u>186,401</u>
Total	<u>\$ 1,783,642</u>	<u>\$ 1,864,013</u>

8. 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 makes a contribution of 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, 2017 and 2016 were \$60,440 and \$64,091, 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, 2017

	Iowa National	Reopened Mission National	Integrity	American Mutual of Boston	American Mutual Liability	Rockwood	United Southern	Lutheran Benevolent	Credit General
Cash receipts:									
Member insurer assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	14,023	57	-	1,625	57	2,267	57	2	21,819
Recoveries	-	40,388	-	-	-	-	40,623	1,570	-
Large deductible	-	-	-	-	-	-	-	-	-
Transfers (to) from other insolvencies	(330,330)	-	9,963	-	-	-	-	-	-
Total cash receipts	<u>(316,307)</u>	<u>40,445</u>	<u>9,963</u>	<u>1,625</u>	<u>57</u>	<u>2,267</u>	<u>40,680</u>	<u>1,572</u>	<u>21,819</u>
Cash disbursements:									
Premium refunds	-	-	-	-	-	-	-	-	-
Losses	6,933	-	-	2,378	-	8,944	-	-	21,604
Loss adjusting expenses - allocated	-	-	-	16	-	-	-	-	89
Loss adjusting expenses - unallocated	1,561	-	-	3,107	-	1,561	-	-	3,107
Refund of assessments	-	-	-	-	12,410	-	-	-	-
Advance to WGFS	-	-	-	-	-	-	-	-	-
Total cash disbursements	<u>8,494</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>12,410</u>	<u>10,505</u>	<u>-</u>	<u>-</u>	<u>24,800</u>
Increase (decrease) in restricted member guaranty funds	(324,802)	40,445	9,963	(3,876)	(12,353)	(8,239)	40,680	1,572	(2,981)
Restricted member guaranty funds:									
Beginning of year	1,660,505	-	(9,963)	177,324	12,353	251,849	-	-	2,383,462
End of year	<u>\$ 1,335,703</u>	<u>\$ 40,445</u>	<u>\$ -</u>	<u>\$ 173,448</u>	<u>\$ -</u>	<u>\$ 243,610</u>	<u>\$ 40,680</u>	<u>\$ 1,572</u>	<u>\$ 2,380,481</u>
Composition of restricted member guaranty funds December 31, 2017:									
Cash and cash equivalents	\$ 416,176	\$ 12,602	\$ -	\$ 54,043	\$ -	\$ 75,904	\$ 12,675	\$ 490	\$ 741,706
Investments	919,527	27,843	-	119,406	-	167,707	28,005	1,082	1,638,775
	<u>\$ 1,335,703</u>	<u>\$ 40,445</u>	<u>\$ -</u>	<u>\$ 173,448</u>	<u>\$ -</u>	<u>\$ 243,610</u>	<u>\$ 40,680</u>	<u>\$ 1,572</u>	<u>\$ 2,380,481</u>

Schedule 5

Nebraska

(continued)

See accompanying independent auditors' report

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, 2017

	HIH America	Reliance	Phico	Home	Fremont Insurance	Legion	Casualty Reciprocal Exchange	Imperial	Atlantic Mutual
Cash receipts:									
Member insurer assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	133,426	11,798	5,059	9,657	58,871	-	-	2,924
Recoveries	-	1,924,942	-	31,071	-	-	(17,536)	-	-
Large deductible	-	-	-	-	-	-	-	-	-
Transfers (to) from other insolvencies	28,541	-	(39,963)	-	-	-	17,536	2,253	-
Total cash receipts	<u>28,541</u>	<u>2,058,367</u>	<u>(28,165)</u>	<u>36,130</u>	<u>9,657</u>	<u>58,871</u>	<u>-</u>	<u>2,253</u>	<u>2,924</u>
Cash disbursements:									
Premium refunds	-	-	-	-	-	-	-	-	-
Losses	-	323,838	41,088	11,858	1,620	153,437	-	-	2,897
Loss adjusting expenses - allocated	-	10,497	262	379	-	15,189	-	-	24
Loss adjusting expenses - unallocated	-	39,911	4,653	10,921	7,759	17,064	-	-	3,107
Refund of assessments	-	-	-	-	-	-	-	-	-
Advance to WGFS	-	-	-	-	-	-	-	-	-
Total cash disbursements	<u>-</u>	<u>374,246</u>	<u>46,003</u>	<u>23,158</u>	<u>9,380</u>	<u>185,690</u>	<u>-</u>	<u>-</u>	<u>6,028</u>
Increase (decrease) in restricted member guaranty funds	28,541	1,684,121	(74,167)	12,971	277	(126,819)	-	2,253	(3,104)
Restricted member guaranty funds:									
Beginning of year	(28,541)	14,363,439	1,323,274	554,529	1,053,923	6,484,358	-	(2,253)	320,542
End of year	<u>\$ -</u>	<u>\$ 16,047,560</u>	<u>\$ 1,249,107</u>	<u>\$ 567,500</u>	<u>\$ 1,054,200</u>	<u>\$ 6,357,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,438</u>
Composition of restricted member guaranty funds December 31, 2017:									
Cash and cash equivalents	\$ -	\$ 5,000,073	\$ 389,195	\$ 176,821	\$ 328,466	\$ 1,980,872	\$ -	\$ -	\$ 98,907
Investments	-	11,047,487	859,912	390,680	725,734	4,376,667	-	-	218,531
	<u>\$ -</u>	<u>\$ 16,047,560</u>	<u>\$ 1,249,107</u>	<u>\$ 567,500</u>	<u>\$ 1,054,200</u>	<u>\$ 6,357,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,438</u>

Schedule 5

Nebraska

(continued)

See accompanying independent auditors' report

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, 2017

	Centennial	Lumbermen Mutual Casualty	Ullico Casualty	Freestone	Red Rock	Lumbermen Underwriting Alliance	Castlepoint National	Guarantee Insurance	Admin
Cash receipts:									
Member insurer assessments	\$ -	\$ 240,963	\$ -	\$ -	\$ 2,080,681	\$ -	\$ 977,657	\$ -	\$ 43,250
Interest income	190	34,914	2,928	918	6,688	69	1,072	-	575
Recoveries	-	59,730	-	-	-	-	-	-	-
Large deductible	-	-	-	-	-	-	-	-	-
Transfers (to) from other insolvencies	-	220,000	-	60,000	-	32,000	-	-	-
Total cash receipts	190	555,607	2,928	60,918	2,087,369	32,069	978,729	-	43,825
Cash disbursements:									
Premium refunds	-	-	-	-	-	-	-	-	-
Losses	-	188,287	251	4,633	66,362	-	117,666	100,629	-
Loss adjusting expenses - allocated	-	21,020	664	58	5,787	-	10,592	-	-
Loss adjusting expenses - unallocated	808	58,374	4,761	4,873	39,077	6,426	5,960	540	80,271
Refund of assessments	41,396	-	-	-	-	-	-	-	-
Advance to WGFS	-	-	-	-	-	-	-	-	-
Total cash disbursements	42,204	267,680	5,675	9,564	111,225	6,426	134,217	101,169	80,271
Increase (decrease) in restricted member guaranty funds	(42,014)	287,927	(2,747)	51,353	1,976,143	25,644	844,512	(101,169)	(36,446)
Restricted member guaranty funds:									
Beginning of year	42,014	3,784,528	318,884	80,088	469,775	(1,496)	-	-	124,202
End of year	\$ -	\$ 4,072,455	\$ 316,137	\$ 131,441	\$ 2,445,918	\$ 24,148	\$ 844,512	\$ (101,169)	\$ 87,756
Composition of restricted member guaranty funds									
December 31, 2017:									
Cash and cash equivalents	\$ -	\$ 1,268,889	\$ 98,501	\$ 40,954	\$ 762,095	\$ 7,524	\$ 263,132	\$ (101,169)	\$ 27,343
Investments	-	2,803,566	217,636	90,487	1,683,823	16,624	581,380	-	60,413
	\$ -	\$ 4,072,455	\$ 316,137	\$ 131,441	\$ 2,445,918	\$ 24,148	\$ 844,512	\$ (101,169)	\$ 87,756

Schedule 5

Nebraska

(continued)

See accompanying independent auditors' report

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, 2017

	<u>Total</u>
Cash receipts:	
Member insurer assessments	\$ 3,342,551
Interest income	308,995
Recoveries	2,080,788
Large deductible	-
Transfers (to) from other insolvencies	-
Total cash receipts	<u>5,732,334</u>
Cash disbursements:	
Premium refunds	-
Losses	1,052,426
Loss adjusting expenses - allocated	64,575
Loss adjusting expenses - unallocated	293,840
Refund of assessments	53,806
Advance to WGFS	-
Total cash disbursements	<u>1,464,647</u>
Increase (decrease) in restricted member guaranty funds	4,267,687
Restricted member guaranty funds:	
Beginning of year	<u>33,362,796</u>
End of year	<u>\$ 37,630,483</u>
Composition of restricted member guaranty funds	
December 31, 2017:	
Cash and cash equivalents	\$ 11,655,198
Investments	<u>25,975,285</u>
	<u>\$ 37,630,483</u>

Schedule 5

Nebraska

(concluded)

See accompanying independent auditors' report

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, 2017 (Unaudited)

	Iowa National 10/10/1985	Reopened Mission National 2/24/1987	Integrity 3/24/1987	American Mutual of Boston 3/9/1989	American Mutual Liability 3/9/1989	Rockwood 8/26/1991	United Southern 11/10/1995	Lutheran Benevolent 12/2/1996	Commercial Comp 9/26/2000
Cash receipts:									
Member insurer assessments	\$ 4,083,823	\$ -	\$ 74,497	\$ 1,199,966	\$ -	\$ 1,100,000	\$ -	\$ -	\$ 496,561
Interest income	1,672,655	57	17,592	89,905	165	294,817	57	2	82,899
Recoveries	2,786,063	40,388	85,681	89,748	24,646	304,931	40,623	3,116	266,873
Large deductible	-	-	-	-	-	-	-	-	-
Transfers (to) from other insolvencies	(330,330)	-	9,963	-	-	-	-	-	-
Total cash receipts	<u>8,212,211</u>	<u>40,445</u>	<u>187,733</u>	<u>1,379,619</u>	<u>24,811</u>	<u>1,699,748</u>	<u>40,680</u>	<u>3,118</u>	<u>846,333</u>
Cash disbursements:									
Premium refunds	-	-	-	-	-	-	-	-	2,625
Losses	2,528,266	-	24,733	867,017	-	1,173,785	-	-	218,231
Loss adjusting expenses - allocated	84,463	-	-	30,672	-	20,090	-	-	8,106
Loss adjusting expenses - unallocated	179,955	-	80,512	308,482	-	262,262	-	-	61,305
Refund of assessments	4,083,823	-	82,488	-	24,811	-	-	1,546	556,066
Total cash disbursements	<u>6,876,507</u>	<u>-</u>	<u>187,733</u>	<u>1,206,170</u>	<u>24,811</u>	<u>1,456,137</u>	<u>-</u>	<u>1,546</u>	<u>846,333</u>
Operating expenses:									
Advance to WGFS	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	-	-	-	-	-	-	-
Total cash disbursements	<u>6,876,507</u>	<u>-</u>	<u>187,733</u>	<u>1,206,170</u>	<u>24,811</u>	<u>1,456,137</u>	<u>-</u>	<u>1,546</u>	<u>846,333</u>
BALANCE, End of year	<u>\$ 1,335,703</u>	<u>\$ 40,445</u>	<u>\$ -</u>	<u>\$ 173,448</u>	<u>\$ -</u>	<u>\$ 243,610</u>	<u>\$ 40,680</u>	<u>\$ 1,572</u>	<u>\$ -</u>
Composition of restricted member Guaranty Funds December 31, 2017:									
Cash and cash equivalents	\$ 416,176	\$ 12,602	\$ -	\$ 54,043	\$ -	\$ 75,904	\$ 12,675	\$ 490	\$ -
Investments	919,527	27,843	-	119,406	-	167,707	28,005	1,082	-
	<u>\$ 1,335,703</u>	<u>\$ 40,445</u>	<u>\$ -</u>	<u>\$ 173,448</u>	<u>\$ -</u>	<u>\$ 243,610</u>	<u>\$ 40,680</u>	<u>\$ 1,572</u>	<u>\$ -</u>
Reserve for losses and allocated Adjusting expense at December 31, 2017	<u>\$ 111,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,111</u>	<u>\$ -</u>	<u>\$ 71,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017 (Unaudited)

	Credit General 1/5/2001	Reliance 10/3/2001	Phico 2/1/2002	Home 6/13/2003	Fremont Insurance 7/2/2003	Legion 7/28/2003	Imperial 5/12/2010	Atlantic Mutual 4/27/2011	Centennial 4/27/2011
Cash receipts:									
Member insurer assessments	\$ 2,938,217	\$ 12,816,161	\$ 2,349,945	\$ 930,585	\$ 2,073,658	\$ 6,653,383	\$ -	\$ 391,281	\$ 97,815
Interest income	435,733	2,094,119	154,346	165,214	41,983	541,062	-	6,648	1,509
Recoveries	757,385	11,579,141	2,699,312	798,383	1,674,155	3,424,912	3,749	13,152	1,703
Large deductible	-	(7,481)	-	-	-	3,998	-	-	-
Transfers (to) from other insolvencies	-	-	(39,963)	-	-	-	2,253	-	-
Total cash receipts	<u>4,131,335</u>	<u>26,481,939</u>	<u>5,163,640</u>	<u>1,894,182</u>	<u>3,789,796</u>	<u>10,623,355</u>	<u>6,002</u>	<u>411,081</u>	<u>101,027</u>
Cash disbursements:									
Premium refunds	1,385	36,472	145,182	-	-	55,733	-	-	-
Losses	1,535,550	9,214,568	3,422,121	1,124,609	2,494,747	3,663,679	2,253	60,480	39,881
Loss adjusting expenses - allocated	27,369	207,546	72,684	25,506	79,758	70,259	-	3,083	-
Loss adjusting expenses - unallocated	186,550	975,793	274,547	176,566	161,090	476,145	3,749	30,080	19,750
Refund of assessments	-	-	-	-	-	-	-	-	41,396
Total cash disbursements	<u>1,750,854</u>	<u>10,434,379</u>	<u>3,914,534</u>	<u>1,326,681</u>	<u>2,735,596</u>	<u>4,265,816</u>	<u>6,002</u>	<u>93,643</u>	<u>101,027</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>	<u>-</u>
Total cash disbursements	<u>1,750,854</u>	<u>10,434,379</u>	<u>3,914,534</u>	<u>1,326,681</u>	<u>2,735,596</u>	<u>4,265,816</u>	<u>6,002</u>	<u>93,643</u>	<u>101,027</u>
BALANCE, End of year	<u>\$ 2,380,481</u>	<u>\$ 16,047,560</u>	<u>\$ 1,249,107</u>	<u>\$ 567,500</u>	<u>\$ 1,054,200</u>	<u>\$ 6,357,539</u>	<u>\$ -</u>	<u>\$ 317,438</u>	<u>\$ -</u>
Composition of restricted member Guaranty Funds December 31, 2017:									
Cash and cash equivalents	\$ 741,706	\$ 5,000,073	\$ 389,195	\$ 176,821	\$ 328,466	\$ 1,980,872	\$ -	\$ 98,907	\$ -
Investments	1,638,775	11,047,487	859,912	390,680	725,734	4,376,667	-	218,531	-
	<u>\$ 2,380,481</u>	<u>\$ 16,047,560</u>	<u>\$ 1,249,107</u>	<u>\$ 567,500</u>	<u>\$ 1,054,200</u>	<u>\$ 6,357,539</u>	<u>\$ -</u>	<u>\$ 317,438</u>	<u>\$ -</u>
Reserve for losses and allocated Adjusting expense at December 31, 2017	<u>\$ 807,382</u>	<u>\$ 4,449,046</u>	<u>\$ 1,466,915</u>	<u>\$ 448,438</u>	<u>\$ 254,551</u>	<u>\$ 5,303,694</u>	<u>\$ -</u>	<u>\$ 236,826</u>	<u>\$ -</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, 2017 (Unaudited)

	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	Castlepoint National 3/30/2017	Guarantee Insurance 11/27/2017	Admin	* Closed Insolvencies
Cash receipts:									
Member insurer assessments	\$ 5,036,321	\$ 496,505	\$ 194,520	\$ 3,524,503	\$ -	\$ 977,657	\$ -	\$ 1,312,715	\$ 2,033,252
Interest income	73,899	6,835	1,396	9,809	69	1,072	-	228,367	130,330
Recoveries	177,424	-	-	-	-	-	-	211,805	234,353
Large deductible	-	-	-	-	-	-	-	-	-
Transfers (to) from other insolvencies	220,000	-	60,000	-	32,000	-	-	-	46,077
Total cash receipts	5,507,644	503,340	255,916	3,534,312	32,069	978,729	-	1,752,887	2,444,012
Cash disbursements:									
Premium refunds	-	-	-	-	-	-	-	-	-
Losses	1,035,867	160,466	87,377	761,447	-	117,666	100,629	77,277	257,485
Loss adjusting expenses - allocated	56,705	5,612	4,105	139,124	-	10,592	-	-	7,327
Loss adjusting expenses - unallocated	342,618	21,126	32,992	187,823	7,922	5,960	540	1,317,373	79,226
Refund of assessments	-	-	-	-	-	-	-	220,481	2,099,974
Total cash disbursements	1,435,189	187,203	124,474	1,088,393	7,922	134,217	101,169	1,615,131	2,444,012
Operating expenses:									
Advance to WGFS	-	-	-	-	-	-	-	50,000	-
Total operating expenses	-	-	-	-	-	-	-	50,000	-
Total cash disbursements	1,435,189	187,203	124,474	1,088,393	7,922	134,217	101,169	1,665,131	2,444,012
BALANCE, End of year	\$ 4,072,455	\$ 316,137	\$ 131,441	\$ 2,445,918	\$ 24,148	\$ 844,512	\$ (101,169)	\$ 87,756	\$ -
Composition of restricted member Guaranty Funds December 31, 2017:									
Cash and cash equivalents	\$ 1,268,889	\$ 98,501	\$ 40,954	\$ 762,095	\$ 7,524	\$ 263,132	\$ (101,169)	\$ 27,343	\$ -
Investments	2,803,566	217,636	90,487	1,683,823	16,624	581,380	-	60,413	-
	\$ 4,072,455	\$ 316,137	\$ 131,441	\$ 2,445,918	\$ 24,148	\$ 844,512	\$ (101,169)	\$ 87,756	\$ -
Reserve for losses and allocated Adjusting expense at December 31, 2017	\$ 4,040,877	\$ 61,116	\$ 133,286	\$ 3,055,495	\$ 26,811	\$ 4,846,766	\$ 10,871	\$ -	\$ -

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, 2017 (Unaudited)

	<u>Total</u>
Cash receipts:	
Member insurer assessments	\$ 48,781,365
Interest income	6,050,539
Recoveries	25,217,543
Large deductible	(3,483)
Transfers (to) from other insolvencies	-
Total cash receipts	<u>80,045,964</u>
Cash disbursements:	
Premium refunds	241,397
Losses	28,968,135
Loss adjusting expenses - allocated	852,999
Loss adjusting expenses - unallocated	5,192,365
Refund of assessments	7,110,585.07
Total cash disbursements	<u>42,365,481</u>
Operating expenses:	
Advance to WGFS	50,000
Total operating expenses	<u>50,000</u>
Total cash disbursements	<u>42,415,481</u>
BALANCE, End of year	<u>\$ 37,630,483</u>
Composition of restricted member Guaranty Funds December 31, 2017:	
Cash and cash equivalents	\$ 11,655,198
Investments	<u>25,975,285</u>
	<u>\$ 37,630,483</u>
Reserve for losses and allocated Adjusting expense at December 31, 2017	<u>\$ 25,378,425</u>

* Closed Insolvencies Casualty
Reciprocal; HIH; Transit
Casualty; United Community;

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