

# WESTERN GUARANTY FUND SERVICES

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2015 AND 2014

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	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 173,821	\$ 133,568
Accounts receivable	232,775	272,939
Prepaid expenses	<u>34,035</u>	<u>22,088</u>
Total current assets	440,631	428,595
FURNITURE AND EQUIPMENT, NET	35,767	55,529
DEPOSITS	<u>7,604</u>	<u>7,604</u>
TOTAL	<u>\$ 484,002</u>	<u>\$ 491,728</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 27,962	\$ 17,097
Accrued liabilities	<u>70,273</u>	<u>69,102</u>
Total current liabilities	98,235	86,199
ADVANCES FROM MEMBER FUNDS	<u>385,767</u>	<u>405,529</u>
TOTAL LIABILITIES	<u>484,002</u>	<u>491,728</u>
UNRESTRICTED NET ASSETS	<u>—</u>	<u>—</u>
TOTAL	<u>\$ 484,002</u>	<u>\$ 491,728</u>

See notes to financial statements.

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## WESTERN GUARANTY FUND SERVICES

### STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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	2015	2014
REVENUES		
Operating assessments	<u>\$ 1,926,630</u>	<u>\$ 1,762,454</u>
EXPENSES		
Operating expenses (allocated to Member Guarantee Associations):		
Salaries and payroll taxes	1,170,051	1,129,696
Professional services	238,080	162,259
Employee benefits	157,352	148,898
Rent	117,885	110,772
Travel and meetings	81,954	58,893
Retirement plan contribution	65,956	58,120
Supplies and other	47,163	40,073
Equipment expense	29,923	38,751
Business insurance	11,142	8,535
Telephone	<u>7,124</u>	<u>6,457</u>
Total expenses	<u>1,926,630</u>	<u>1,762,454</u>
CHANGE IN UNRESTRICTED NET ASSETS	—	—
NET ASSETS, BEGINNING OF YEAR	<u>—</u>	<u>—</u>
NET ASSETS, END OF YEAR	<u>\$ —</u>	<u>\$ —</u>

See notes to financial statements.

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## WESTERN GUARANTY FUND SERVICES

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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	2015	2014
OPERATING ACTIVITIES		
Change in net assets	\$ —	\$ —
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	24,957	20,135
Changes in operating assets and liabilities:		
Accounts receivable	40,164	(112,565)
Prepaid expenses and deposits	(11,947)	(5,251)
Accounts payable	10,865	8,245
Accrued liabilities	<u>1,171</u>	<u>31,804</u>
Net cash provided by (used in) operating activities	<u>65,210</u>	<u>(57,632)</u>
INVESTING ACTIVITIES		
Net cash used in investing activities —		
Purchases of furniture and equipment	<u>(5,195)</u>	<u>(59,269)</u>
FINANCING ACTIVITIES		
Advance from Nebraska Guaranty Association		50,000
Advances (repayments) of member funds, net	<u>(19,762)</u>	<u>39,134</u>
Net cash provided by (used in) financing activities	<u>(19,762)</u>	<u>89,134</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	40,253	(27,767)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>133,568</u>	<u>161,335</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 173,821</u>	<u>\$ 133,568</u>

See notes to financial statements.

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# WESTERN GUARANTY FUND SERVICES

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$638,264 and \$591,747 during the years ended December 31, 2015 and 2014, 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 2012 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:

	2015	2014
Furniture and equipment	\$ 677,960	\$ 684,067
Less accumulated depreciation	<u>642,193</u>	<u>628,538</u>
Furniture and equipment, net	<u>\$ 35,767</u>	<u>\$ 55,529</u>

## 3. MEMBER GUARANTY 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 \$182,441,774 and \$175,775,821 as of December 31, 2015 and 2014, respectively.

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

	2015	2014
Member Guaranty Association funds, beginning of year	<u>\$ 175,775,821</u>	<u>\$ 147,857,044</u>
Cash receipts:		
Balance transfer from Nebraska Guaranty Association, January 1, 2014		27,648,152
Member insurer assessments	6,029,627	929,218
Interest income	1,059,623	641,768
Recoveries	12,402,417	10,281,184
Large deductible workers' compensation Special deposits		2 <u>99,437</u>
Total cash receipts	<u>19,491,667</u>	<u>39,599,761</u>

	2015	2014
Cash disbursements:		
Premium refunds	3,756	1,006
Losses	9,135,387	7,539,772
Loss adjusting expense — allocated	1,086,723	909,836
Loss adjusting expense — unallocated	2,585,580	2,280,771
Refund of assessments	14,268	899,599
Advance to WGFS	<u>                    </u>	<u>50,000</u>
Total cash disbursements	<u>12,825,714</u>	<u>11,680,984</u>
Member Guaranty Association funds, end of year	<u>\$ 182,441,774</u>	<u>\$ 175,775,821</u>

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

	2015	2014
Colorado	\$ 74,905,140	\$ 75,147,579
Idaho	7,303,048	7,868,455
Kansas	28,820,475	29,463,607
Montana	19,554,439	20,916,815
Nebraska	32,167,250	26,807,960
Washington	18,120,953	13,935,138
Wyoming	<u>1,570,469</u>	<u>1,636,267</u>
Total	<u>\$ 182,441,774</u>	<u>\$ 175,775,821</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 (3.50% at December 31, 2015). The line of credit matures on September 30, 2016. There were no draws on the line during the year ended December 31, 2015 and there is no outstanding balance at December 31, 2015.

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:

	2015 (Unaudited)	2014 (Unaudited)
Colorado	\$ 42,184,785	\$ 48,524,232
Idaho	6,740,898	6,987,402
Kansas	21,903,686	22,330,168
Montana	27,566,552	31,583,129
Nebraska	21,990,230	22,019,050
Washington	11,385,860	11,269,481
Wyoming	<u>386,467</u>	<u>407,295</u>
Total	<u>\$ 132,158,478</u>	<u>\$ 143,120,757</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, 2015, \$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 was 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 2015, the base year of the lease. Additionally, the Company leases equipment under operating leases. Rent and lease expense was \$121,694 and \$128,790, respectively for the years ended December 31, 2015 and 2014. The future operating lease commitments, exclusive of operating costs, for the years ended December 31 are as follows:

2016	\$ 118,061
2017	121,004
2018	123,948
2019	124,443
2020	<u>72,975</u>
Total	<u>\$ 560,431</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 Association 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:

	2015	2014
Program services:		
Management and other supervisory services	\$ 1,733,967	\$ 1,586,209
Supporting services:		
General and administrative	<u>192,663</u>	<u>176,245</u>
Total	<u>\$ 1,926,630</u>	<u>\$ 1,762,454</u>

**8. RETIREMENT PLAN**

All employees are eligible to participate in a qualified 401(k) retirement plan on the first semi-annual plan 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, 2015 and 2014 were \$65,956 and \$58,120, 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 Insurance Guaranty Association

Year Ended December 31, 2015

	Iowa National	Integrity	American Mutual of Boston	American Mutual Liability	Western Employers	Rockwood	United Community	Commercial Comp	Credit General
<b>Cash receipts:</b>									
Member insurer assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	8,421	-	923	27	-	1,358	-	27	12,235
Recoveries	-	735	2,175	12,323	35,091	-	14,886	5,502	-
Transfers (to) from other insolvencies	-	-	-	-	-	-	-	-	-
<b>Total cash receipts</b>	<b>8,421</b>	<b>735</b>	<b>3,098</b>	<b>12,350</b>	<b>35,091</b>	<b>1,358</b>	<b>14,886</b>	<b>5,529</b>	<b>12,235</b>
<b>Cash disbursements:</b>									
Premium refunds	-	-	-	-	-	-	-	-	-
Losses	6,933	-	1,730	-	-	10,790	-	-	26,500
Loss adjusting expenses - allocated	-	-	10	-	-	1,667	-	-	285
Loss adjusting expenses - unallocated	1,510	-	3,015	-	-	4,528	-	-	3,164
Assessment refunds	-	-	-	-	-	-	-	14,122	-
Advance to WGFS	-	-	-	-	-	-	-	-	-
<b>Total cash disbursements</b>	<b>8,443</b>	<b>-</b>	<b>4,755</b>	<b>-</b>	<b>-</b>	<b>16,985</b>	<b>-</b>	<b>14,122</b>	<b>29,949</b>
Increase (decrease) in restricted member guaranty funds	(22)	735	(1,657)	12,350	35,091	(15,627)	14,886	(8,593)	(17,714)
<b>Restricted member guaranty funds:</b>									
Beginning of year	1,656,496	(10,698)	180,548	-	-	276,032	-	14,095	2,415,325
End of year	<u>\$ 1,656,474</u>	<u>\$ (9,963)</u>	<u>\$ 178,891</u>	<u>\$ 12,350</u>	<u>\$ 35,091</u>	<u>\$ 260,405</u>	<u>\$ 14,886</u>	<u>\$ 5,502</u>	<u>\$ 2,397,611</u>
<b>Composition of restricted member guaranty funds</b>									
December 31, 2015:									
Cash and cash equivalents	\$ 456,923	\$ (9,963)	\$ 49,345	\$ 3,407	\$ 9,680	\$ 71,830	\$ 4,106	\$ 1,518	\$ 661,359
Short-term investments	1,199,551	-	129,546	8,943	25,411	188,575	10,780	3,984	1,736,252
	<u>\$ 1,656,474</u>	<u>\$ (9,963)</u>	<u>\$ 178,891</u>	<u>\$ 12,350</u>	<u>\$ 35,091</u>	<u>\$ 260,405</u>	<u>\$ 14,886</u>	<u>\$ 5,502</u>	<u>\$ 2,397,611</u>

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 Insurance Guaranty Association

Year Ended December 31, 2015

	HIH America	Reliance Insurance	Phico Insurance	Home Insurance	Fremont Insurance	Legion Insurance	Villanova	Imperial
<b>Cash receipts:</b>								
Member insurer assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	65,193	7,228	3,077	5,696	34,160	-	-
Recoveries	(29,656)	1,940,276	-	25,387	-	-	-	3,749
Transfers (to) from other insolvencies	-	-	-	-	-	-	-	-
<b>Total cash receipts</b>	<b>(29,656)</b>	<b>2,005,469</b>	<b>7,228</b>	<b>28,464</b>	<b>5,696</b>	<b>34,160</b>	<b>-</b>	<b>3,749</b>
<b>Cash disbursements:</b>								
Premium refunds	-	-	-	-	-	-	-	-
Losses	-	360,322	137,855	13,271	106,175	259,854	-	-
Loss adjusting expenses - allocated	-	30,741	10,272	4,888	736	11,364	-	-
Loss adjusting expenses - unallocated	-	36,584	4,678	10,606	12,180	12,398	-	-
Assessment refunds	-	-	-	-	-	-	146	-
Advance to WGFS	-	-	-	-	-	-	-	-
<b>Total cash disbursements</b>	<b>-</b>	<b>427,647</b>	<b>152,805</b>	<b>28,765</b>	<b>119,091</b>	<b>283,616</b>	<b>146</b>	<b>-</b>
<b>Increase (decrease) in restricted member guaranty funds</b>	<b>(29,656)</b>	<b>1,577,822</b>	<b>(145,577)</b>	<b>(301)</b>	<b>(113,395)</b>	<b>(249,456)</b>	<b>(146)</b>	<b>3,749</b>
<b>Restricted member guaranty funds:</b>								
Beginning of year	-	12,849,004	1,513,188	617,307	1,170,056	6,817,000	146	(6,002)
<b>End of year</b>	<b>\$ (29,656)</b>	<b>\$ 14,426,826</b>	<b>\$ 1,367,611</b>	<b>\$ 617,006</b>	<b>\$ 1,056,661</b>	<b>\$ 6,567,544</b>	<b>\$ -</b>	<b>\$ (2,253)</b>
<b>Composition of restricted member guaranty funds</b>								
December 31, 2015:								
Cash and cash equivalents	\$ (29,656)	\$ 3,979,509	\$ 377,243	\$ 170,195	\$ 291,470	\$ 1,811,597	\$ -	\$ (2,253)
Short-term investments	-	10,447,317	990,368	446,811	765,191	4,755,947	-	-
<b>Total</b>	<b>\$ (29,656)</b>	<b>\$ 14,426,826</b>	<b>\$ 1,367,611</b>	<b>\$ 617,006</b>	<b>\$ 1,056,661</b>	<b>\$ 6,567,544</b>	<b>\$ -</b>	<b>\$ (2,253)</b>

See accompanying independent auditors' report

## WESTERN GUARANTY FUND SERVICES

### Statement of Cash Receipts and Disbursements of Insolvencies on Behalf of the NEBRASKA Insurance Guaranty Association

Year Ended December 31, 2015

	Atlantic Mutual	Centennial	Lumbermens Mutual Casualty	Ullico Casualty	Freestone	Red Rock	Admin	Total
<b>Cash receipts:</b>								
Member insurer assessments	\$ 391,281	\$ 97,815	\$ 3,866,046	\$ 496,505	\$ 67,612	\$ 498,391	\$ 44,350	\$ 5,462,000
Interest income	1,330	208	11,320	1,461	-	-	732	153,396
Recoveries	6,069	1,703	-	-	-	-	-	2,018,240
Transfers (to) from other insolvencies	-	-	-	-	-	-	-	-
<b>Total cash receipts</b>	<b>398,680</b>	<b>99,726</b>	<b>3,877,366</b>	<b>497,966</b>	<b>67,612</b>	<b>498,391</b>	<b>45,082</b>	<b>7,633,636</b>
<b>Cash disbursements:</b>								
Premium refunds	-	-	-	-	-	-	-	-
Losses	7,432	6,933	227,555	45,843	68,848	487,357	-	1,767,398
Loss adjusting expenses - allocated	354	-	15,173	941	2,775	93,911	-	173,117
Loss adjusting expenses - unallocated	4,216	3,015	70,456	4,528	18,803	92,859	37,023	319,563
Assessment refunds	-	-	-	-	-	-	-	14,268
Advance to WGFS	-	-	-	-	-	-	-	-
<b>Total cash disbursements</b>	<b>12,002</b>	<b>9,948</b>	<b>313,184</b>	<b>51,312</b>	<b>90,426</b>	<b>674,127</b>	<b>37,023</b>	<b>2,274,346</b>
<b>Increase (decrease) in restricted member guaranty funds</b>	<b>386,678</b>	<b>89,778</b>	<b>3,564,182</b>	<b>446,654</b>	<b>(22,814)</b>	<b>(175,736)</b>	<b>8,059</b>	<b>5,359,290</b>
<b>Restricted member guaranty funds:</b>								
Beginning of year	(68,048)	(38,090)	(549,762)	(119,365)	(13,425)	(52,938)	157,091	26,807,960
<b>End of year</b>	<b>\$ 318,630</b>	<b>\$ 51,688</b>	<b>\$ 3,014,420</b>	<b>\$ 327,289</b>	<b>\$ (36,239)</b>	<b>\$ (228,674)</b>	<b>\$ 165,150</b>	<b>\$ 32,167,250</b>
<b>Composition of restricted member guaranty funds</b>								
December 31, 2015:								
Cash and cash equivalents	\$ 87,891	\$ 14,258	\$ 831,500	\$ 90,280	\$ (36,239)	\$ (228,674)	\$ 45,555	\$ 8,650,882
Short-term investments	230,739	37,430	2,182,920	237,009	-	-	119,595	23,516,368
<b>End of year</b>	<b>\$ 318,630</b>	<b>\$ 51,688</b>	<b>\$ 3,014,420</b>	<b>\$ 327,289</b>	<b>\$ (36,239)</b>	<b>\$ (228,674)</b>	<b>\$ 165,150</b>	<b>\$ 32,167,250</b>

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 Insurance Guaranty  
Association

Period from Insolvency Through December 31, 2015 (Unaudited)

	Iowa National 10/10/1985	Integrity 3/24/1987	American Mutual of Boston 3/9/1989	American Mutual Liability 3/9/1989	Western Employers 4/19/1991	Rockwood 8/26/1991	United Community 11/10/1995	Commercial Comp 9/26/2000
<b>Cash receipts:</b>								
Member insurer assessments	\$ 4,083,823	\$ 74,497	\$ 1,199,966	\$ -	\$ -	\$ 1,100,000	\$ -	\$ 496,561
Interest income	1,646,122	17,592	86,923	27	-	290,616	-	82,899
Recoveries	2,786,063	85,681	87,573	12,323	35,091	304,931	14,886	266,873
Transfers (to) from other insolvencies	-	-	-	-	-	-	-	-
<b>Total cash receipts</b>	<b>8,516,008</b>	<b>177,770</b>	<b>1,374,462</b>	<b>12,350</b>	<b>35,091</b>	<b>1,695,547</b>	<b>14,886</b>	<b>846,333</b>
<b>Cash disbursements:</b>								
Premium refunds	-	-	-	-	-	-	-	2,625
Losses	2,514,400	24,733	862,645	-	-	1,155,897	-	218,231
Loss adjusting expenses - allocated	84,463	-	30,649	-	-	20,090	-	8,106
Loss adjusting expenses - unallocated	176,848	80,512	302,277	-	-	259,155	-	61,305
Member assessment refund	4,083,823	82,488	-	-	-	-	-	550,564
<b>Total cash disbursements</b>	<b>6,859,534</b>	<b>187,733</b>	<b>1,195,571</b>	<b>-</b>	<b>-</b>	<b>1,435,142</b>	<b>-</b>	<b>840,831</b>
<b>Operating expenses:</b>								
Advance to WGFS	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total cash disbursements</b>	<b>6,859,534</b>	<b>187,733</b>	<b>1,195,571</b>	<b>-</b>	<b>-</b>	<b>1,435,142</b>	<b>-</b>	<b>840,831</b>
<b>BALANCE, End of year</b>	<b>\$ 1,656,474</b>	<b>\$ (9,963)</b>	<b>\$ 178,891</b>	<b>\$ 12,350</b>	<b>\$ 35,091</b>	<b>\$ 260,405</b>	<b>\$ 14,886</b>	<b>\$ 5,502</b>
<b>Composition of restricted member Guaranty Funds December 31, 2015:</b>								
Cash and cash equivalents	\$ 456,923	\$ (9,963)	\$ 49,345	\$ 3,407	\$ 9,680	\$ 71,830	\$ 4,106	\$ 1,518
Short-term investments	1,199,551	-	129,546	8,943	25,411	188,575	10,780	3,984
<b>Total</b>	<b>\$ 1,656,474</b>	<b>\$ (9,963)</b>	<b>\$ 178,891</b>	<b>\$ 12,350</b>	<b>\$ 35,091</b>	<b>\$ 260,405</b>	<b>\$ 14,886</b>	<b>\$ 5,502</b>
<b>Reserve for losses and allocated adjusting expense at December 31, 2015</b>	<b>\$ 124,701</b>	<b>\$ -</b>	<b>\$ 102,678</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 89,808</b>	<b>\$ -</b>	<b>\$ -</b>

**WESTERN GUARANTY FUND SERVICES**

Statement of Cash Receipts and Disbursements of Insolvencies  
on Behalf of the NEBRASKA Insurance Guaranty  
Association

Period from Insolvency Through December 31, 2015 (Unaudited)

	Credit General 1/5/2001	HIH America 5/8/2001	Reliance Insurance 10/3/2001	Phico Insurance 2/1/2002	Home Insurance 6/13/2003	Fremont Insurance 7/2/2003	Legion Insurance 7/28/2003	Villanova 7/28/2003
<b>Cash receipts:</b>								
Member insurer assessments	\$ 2,938,217	\$ -	\$ 12,816,161	\$ 2,349,945	\$ 930,585	\$ 2,073,658	\$ 6,653,383	\$ 5,068
Interest income	395,879	-	1,852,152	132,418	155,575	24,364	433,001	(1)
Recoveries	757,385	(29,656)	9,617,615	2,699,312	819,593	1,674,155	3,424,912	2,250
Transfers (to) from other insolvencies	-	-	-	-	-	-	-	-
<b>Total cash receipts</b>	<b>4,091,481</b>	<b>(29,656)</b>	<b>24,285,928</b>	<b>5,181,675</b>	<b>1,905,753</b>	<b>3,772,177</b>	<b>10,511,296</b>	<b>7,317</b>
<b>Cash disbursements:</b>								
Premium refunds	1,385	-	36,472	145,182	-	-	55,733	-
Losses	1,485,031	-	8,735,846	3,330,207	1,110,186	2,490,981	3,391,876	3,874
Loss adjusting expenses - allocated	27,109	-	186,300	73,483	23,774	78,958	49,471	-
Loss adjusting expenses - unallocated	180,345	-	900,484	265,192	154,787	145,577	446,672	306
Member assessment refund	-	-	-	-	-	-	-	3,137
<b>Total cash disbursements</b>	<b>1,693,870</b>	<b>-</b>	<b>9,859,102</b>	<b>3,814,064</b>	<b>1,288,747</b>	<b>2,715,516</b>	<b>3,943,752</b>	<b>7,317</b>
<b>Operating expenses:</b>								
Advance to WGFS	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total cash disbursements</b>	<b>1,693,870</b>	<b>-</b>	<b>9,859,102</b>	<b>3,814,064</b>	<b>1,288,747</b>	<b>2,715,516</b>	<b>3,943,752</b>	<b>7,317</b>
<b>BALANCE, End of year</b>	<b>\$ 2,397,611</b>	<b>\$ (29,656)</b>	<b>\$ 14,426,826</b>	<b>\$ 1,367,611</b>	<b>\$ 617,006</b>	<b>\$ 1,056,661</b>	<b>\$ 6,567,544</b>	<b>\$ -</b>
<b>Composition of restricted member Guaranty Funds December 31, 2015:</b>								
Cash and cash equivalents	\$ 661,359	\$ (29,656)	\$ 3,979,509	\$ 377,243	\$ 170,195	\$ 291,470	\$ 1,811,597	\$ -
Short-term investments	1,736,252	-	10,447,317	990,368	446,811	765,191	4,755,947	-
	<b>\$ 2,397,611</b>	<b>\$ (29,656)</b>	<b>\$ 14,426,826</b>	<b>\$ 1,367,611</b>	<b>\$ 617,006</b>	<b>\$ 1,056,661</b>	<b>\$ 6,567,544</b>	<b>\$ -</b>
<b>Reserve for losses and allocated adjusting expense at December 31, 2015</b>	<b>\$ 838,530</b>	<b>\$ -</b>	<b>\$ 4,102,547</b>	<b>\$ 1,352,951</b>	<b>\$ 546,794</b>	<b>\$ 285,986</b>	<b>\$ 4,372,120</b>	<b>\$ -</b>

## WESTERN GUARANTY FUND SERVICES

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

Period from Insolvency Through December 31, 2015 (Unaudited)

	Imperial 5/12/2010	Atlantic Mutual 4/27/2011	Centennial 4/27/2011	Lumbermens Mutual Casualty 5/10/2013	Ullico Casualty 5/30/2013	Freestone 8/15/2014	Red Rock 8/21/2014	Admin
<b>Cash receipts:</b>								
Member insurer assessments	\$ -	\$ 391,281	\$ 97,815	\$ 3,866,046	\$ 496,505	\$ 67,612	\$ 498,391	\$ 1,226,765
Interest income	-	1,330	962	11,320	1,461	-	-	226,948
Recoveries	3,749	6,069	1,703	-	-	-	-	211,805
Transfers (to) from other insolvencies	-	-	-	-	-	-	-	-
<b>Total cash receipts</b>	<b>3,749</b>	<b>398,680</b>	<b>100,480</b>	<b>3,877,366</b>	<b>497,966</b>	<b>67,612</b>	<b>498,391</b>	<b>1,665,518</b>
<b>Cash disbursements:</b>								
Premium refunds	-	-	-	-	-	-	-	-
Losses	2,253	53,642	32,948	617,691	154,603	79,920	536,554	77,277
Loss adjusting expenses - allocated	-	3,015	-	21,518	4,436	2,884	97,652	-
Loss adjusting expenses - unallocated	3,749	23,393	15,844	223,737	11,638	21,047	92,859	1,152,610
Member assessment refund	-	-	-	-	-	-	-	220,481
<b>Total cash disbursements</b>	<b>6,002</b>	<b>80,050</b>	<b>48,792</b>	<b>862,946</b>	<b>170,677</b>	<b>103,851</b>	<b>727,065</b>	<b>1,450,368</b>
<b>Operating expenses:</b>								
Advance to WGFS	-	-	-	-	-	-	-	50,000
<b>Total operating expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>
<b>Total cash disbursements</b>	<b>6,002</b>	<b>80,050</b>	<b>48,792</b>	<b>862,946</b>	<b>170,677</b>	<b>103,851</b>	<b>727,065</b>	<b>1,500,368</b>
<b>BALANCE, End of year</b>	<b>\$ (2,253)</b>	<b>\$ 318,630</b>	<b>\$ 51,688</b>	<b>\$ 3,014,420</b>	<b>\$ 327,289</b>	<b>\$ (36,239)</b>	<b>\$ (228,674)</b>	<b>\$ 165,150</b>
<b>Composition of restricted member Guaranty Funds December 31, 2015:</b>								
Cash and cash equivalents	\$ (2,253)	\$ 87,891	\$ 14,258	\$ 831,500	\$ 90,280	\$ (36,239)	\$ (228,674)	\$ 45,555
Short-term investments	-	230,739	37,430	2,182,920	237,009	-	-	119,595
<b>\$ (2,253)</b>	<b>\$ 318,630</b>	<b>\$ 51,688</b>	<b>\$ 3,014,420</b>	<b>\$ 327,289</b>	<b>\$ (36,239)</b>	<b>\$ (228,674)</b>	<b>\$ 165,150</b>	
<b>Reserve for losses and allocated adjusting expense at December 31, 2015</b>	<b>\$ -</b>	<b>\$ 318,541</b>	<b>\$ 43,177</b>	<b>\$ 6,071,791</b>	<b>\$ 277,168</b>	<b>\$ 108,787</b>	<b>\$ 3,354,651</b>	<b>\$ -</b>

## WESTERN GUARANTY FUND SERVICES

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

Period from Insolvency Through December 31, 2015 (Unaudited)

	Closed Insolvencies •	Total	
Cash receipts:			
Member insurer assessments	\$ 2,028,184	\$ 43,394,463	• Casualty Reciprocal; Transit Casualty
Interest income	130,331	5,489,919	
Recoveries	198,068	22,980,381	
Transfers (to) from other insolvencies	-	-	
Total cash receipts	<u>2,356,583</u>	<u>71,864,763</u>	
Cash disbursements:			
Premium refunds	-	241,397	
Losses	253,611	27,132,406	
Loss adjusting expenses - allocated	7,327	719,235	
Loss adjusting expenses - unallocated	78,920	4,597,257	
Member assessment refund	<u>2,016,725</u>	<u>6,957,218</u>	
Total cash disbursements	<u>2,356,583</u>	<u>39,647,513</u>	
Operating expenses:			
Advance to WGFS	-	50,000	
Total operating expenses	-	50,000	
Total cash disbursements	<u>2,356,583</u>	<u>39,697,513</u>	
BALANCE, End of year	<u>\$ -</u>	<u>\$ 32,167,250</u>	
Composition of restricted member Guaranty Funds December 31, 2015:			
Cash and cash equivalents	\$ -	\$ 8,650,882	
Short-term investments	-	23,516,368	
	<u>\$ -</u>	<u>\$ 32,167,250</u>	
Reserve for losses and allocated adjusting expense at December 31, 2015	<u>\$ -</u>	<u>\$ 21,990,230</u>	