

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Statements of Assets and Fund Balance

Arising from Cash Transactions

December 31, 2012 and 2011

	Assets	2012	2011
Cash and cash equivalents		\$ 672,958	429,442
U.S. Treasury notes		27,351,601	27,932,985
Deposit		775	775
Total assets		\$ 28,025,334	28,363,202
	Fund Balance		
Fund balance		\$ 28,025,334	28,363,202

See accompanying notes to financial statements.

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

**Statements of Revenue Collected,
Expenses Paid, and Change in Fund Balance**

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue collected:		
Assessments	\$ 42,250	506,975
Liquidation proceeds and other	495,493	447,749
Interest income	<u>157,710</u>	<u>167,755</u>
Total revenue collected	<u>695,453</u>	<u>1,122,479</u>
Expenses paid:		
Losses	471,174	1,188,046
Refund of assessments	293,681	1,450,261
General and administrative	<u>268,466</u>	<u>249,729</u>
Total expenses paid	<u>1,033,321</u>	<u>2,888,036</u>
Revenue collected under expenses paid	(337,868)	(1,765,557)
Fund balance, beginning of year	<u>28,363,202</u>	<u>30,128,759</u>
Fund balance, end of year	<u>\$ 28,025,334</u>	<u>28,363,202</u>

See accompanying notes to financial statements.

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Notes to Financial Statements

December 31, 2012 and 2011

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Nebraska Property and Liability Insurance Guaranty Association (the Association) was created in May 1971 by Nebraska state statute as a nonprofit, unincorporated legal entity. The purpose of the Association is to provide a method of payment for certain claims against insolvent insurance companies to avoid financial loss to claimants or to policyholders in the state of Nebraska, to assist in the detection and prevention of insurer insolvencies, and to provide an association of insurers against which the cost of such protection may be assessed in an equitable manner. A majority of the Association's revenues are derived from Nebraska-based insurers.

(b) Basis of Accounting

The Association's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Under this basis, revenues are recognized when collected rather than when earned and certain expenditures are recognized when paid rather than when incurred. Consequently, assessments receivable from insurers and amounts due for supplies received, services rendered, or estimated unpaid claims are not included in the financial statements.

(c) Allocation of Revenue Collected and Expenses Paid

The Association attempts to specifically identify, to the degree allowable, all revenue collected and expenses paid. Thus, each liquidation receives its share of the related revenue and expense. The following items are, for the most part, specifically identifiable: assessments collected, losses paid, loss adjustment expenses paid, refund of assessments, and certain general and administrative expenses.

(d) Cash and Cash Equivalents

The Association classifies all highly liquid investments with an original maturity of three months or less when purchased as cash equivalents. At December 31, 2012 and 2011, cash equivalents consisted of a repurchase agreement.

(e) Investments

The Association carries its investments at cost. While the Association intends to hold its investments in U.S. Treasury notes to maturity, its ability to do so may be affected by the timing and amount of claims presented as a result of insurer insolvencies. A disposition of an investment security may result in a realized gain or loss using a cash-basis method of accounting for the difference between fair value and cost of the security at the date of sale. The fair market value of U.S. Treasury notes was \$27,148,008 and \$27,791,797 at December 31, 2012 and 2011, respectively. Premiums paid and discounts received in connection with these investments are not amortized or accreted into interest expense or income over the life of the investment. Rather, they are recorded as a component of interest income at the maturity date.

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**NEBRASKA PROPERTY AND LIABILITY
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Notes to Financial Statements

December 31, 2012 and 2011

U.S. Treasury notes held as of December 31, 2012 mature as follows:

		Cost	Fair market value
2013	\$	13,152,373	13,046,015
2014		13,197,575	13,102,618
2015		1,001,653	999,375
	\$	27,351,601	27,148,008

The following table shows the Association's gross unrealized losses on U.S. Treasury notes and the fair value of the related securities, aggregated by the length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2012 and 2011 are as follows:

		Less than 12 months		12 months or more		Total	
		Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
2012	\$	48,951	10,557,461	164,874	12,577,071	213,825	23,134,532
2011		114,652	10,072,812	57,257	10,668,321	171,909	20,741,133

(f) Income Taxes

The Association is an instrumentality of the state of Nebraska and is a tax-exempt organization as described in Section 115 of the Internal Revenue Code.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management believes that no such uncertain tax positions exist at December 31, 2012 and 2011.

(g) Fair Value Measurements

The Association applies FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, in relation to fair value measurements of financial assets disclosed at fair value in the financial statements. FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.
- Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

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**NEBRASKA PROPERTY AND LIABILITY
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Notes to Financial Statements

December 31, 2012 and 2011

- Level 3 – inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Association's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels. As of December 31, 2012 and 2011, the fair value of the Association's cash equivalents, as disclosed in note 1(d), have been derived using Level 1 inputs. As of December 31, 2012 and 2011, the fair value of the Association's investments, as disclosed in note 1(e), have been derived using Level 2 inputs.

(h) Subsequent Events

The Association has performed an evaluation of subsequent events through March 20, 2013, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

(2) Assessments

The Association collects assessments from each member insurer (qualifying entities licensed to write insurance in the state of Nebraska) in proportion to the net direct written premiums of the member insurer in relation to the net direct written premiums of all member insurers. In addition, the Association may make an assessment for the purpose of meeting administrative costs and other general expenses not related to a particular impaired insurer. The member insurer may deduct one-fifth of the assessment each year over a five-year period from its state premium tax liability. Should the Association recover any sum representing amounts previously written off by member insurers and offset against taxes, this recovered amount is paid by the Association to the director of insurance for the state of Nebraska. If the recovery is before the end of the year in which the assessment was made, the Association reimburses this amount directly to the member insurer and no premium tax offset is allowed.

(3) Claims

The Association is obligated only to the extent of the covered claims existing prior to the date that a member insurer becomes an insolvent insurer or arising within 30 days after the member insurer has been deemed insolvent. For a claim to be covered, it must arise out of and within the coverage of an insurance policy issued by the member insurer, and the claimant or insured must be a resident of the state of Nebraska or the property from which the claim arises must be permanently located in the state.

(Continued)

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Notes to Financial Statements

December 31, 2012 and 2011

(4) Estimated Unpaid Claims (Unaudited)

As of December 31, 2012, the Association estimates unpaid claims to be as follows:

Insolvency:

Iowa National Mutual Insurance Company	\$ 150,290
Integrity Insurance	51,417
American Mutual Insurance Company	107,013
Imperial Casualty and Indemnity	27,747
Rockwood Insurance Company	437,558
Centennial Insurance	64,608
Atlantic Mutual Insurance	187,569
Home Insurance Company	718,406
Commercial Compensation Casualty Company	24,948
Credit General Insurance Company	602,250
Reliance Insurance Company	3,099,335
Phico Insurance Company	904,858
Legion Insurance Company	2,347,238
Fremont Indemnity Insurance Company	534,738
Casualty Reciprocal Exchange	130,000

These amounts are estimates, and the ultimate settlement of losses may vary from the amounts above. No representation is made by the Association that the ultimate liability may not be in excess of the above figures. Certain insolvencies have not had assessments levied as of December 31, 2012 to cover the estimated claims.

(5) Lease Commitments

The Association leases office space under a noncancelable operating lease that expires on November 30, 2013. Total lease expense for office space was approximately \$13,500 for each of the years ended December 31, 2012 and 2011. Future annual lease payments under the terms of the lease are approximately \$12,375 in 2013.

(6) Refund of Assessments

The Association assesses member insurers for insolvencies based on cash reserves estimated at the time of insolvency. The member insurers then offset the assessments against their respective premium tax liabilities. If such funds, including earned interest, are sufficient to cover the claim payments related to the insolvency, the Association's board of directors will authorize and pay a refund of assessment as reflected in the accompanying statements of revenue collected, expenses paid, and change in fund balance.

(Continued)

**NEBRASKA PROPERTY AND LIABILITY
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Notes to Financial Statements

December 31, 2012 and 2011

(7) Line of Credit

The Association has entered into a revolving line of credit with a financial institution that provides for borrowings up to \$5,000,000. The line of credit expires in September 2013. Borrowings under the line of credit bear interest at the U.S. Bank prime rate. The Association had \$5,000,000 available for borrowings with no outstanding balances on this line of credit at December 31, 2012 and 2011.

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule - Revenue Collected,
Expenses Paid, and Change in Fund Balance

Year ended December 31, 2012

	<u>Ideal Mutual</u>	<u>Iowa National Mutual</u>	<u>Transit Casualty</u>	<u>Integrity</u>	<u>American Mutual</u>	<u>American Mutual Liability</u>	<u>Union Indemnity</u>	<u>Carried forward</u>
Date of liquidation	2/7/1985	10/10/1985	12/04/1985	3/24/1987	3/09/1989	3/09/1989	7/17/1989	
Revenue collected:								
Assessments	\$ —	—	—	—	—	—	—	—
Liquidation proceeds and other	75,879	—	2,318	3,648	9,965	56,467	—	148,277
Interest income	—	9,473	—	—	1,256	—	—	10,729
Total revenue collected	<u>75,879</u>	<u>9,473</u>	<u>2,318</u>	<u>3,648</u>	<u>11,221</u>	<u>56,467</u>	<u>—</u>	<u>159,006</u>
Expenses paid:								
Losses	—	6,933	—	—	44,865	—	—	51,798
Refund of assessments	75,879	—	3,384	—	—	100,621	689	180,573
General and administrative	—	6,116	—	—	4,745	—	—	10,861
Total expenses paid	<u>75,879</u>	<u>13,049</u>	<u>3,384</u>	<u>—</u>	<u>49,610</u>	<u>100,621</u>	<u>689</u>	<u>243,232</u>
Revenue collected over (under) expenses paid	—	(3,576)	(1,066)	3,648	(38,389)	(44,154)	(689)	(84,226)
Fund balance (deficit), beginning of year	—	1,680,226	3,384	(15,793)	231,414	100,621	689	2,000,541
Fund balance (deficit), end of year	<u>\$ —</u>	<u>1,676,650</u>	<u>2,318</u>	<u>(12,145)</u>	<u>193,025</u>	<u>56,467</u>	<u>—</u>	<u>1,916,315</u>

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule - Revenue Collected,
Expenses Paid, and Change in Fund Balance

Year ended December 31, 2012

	<u>Brought forward</u>	<u>Rockwood</u>	<u>Midland</u>	<u>United Community Insurance Co</u>	<u>American Eagle Insurance Company</u>	<u>Comm Compensation Casualty Co</u>	<u>General Credit Insurance Company</u>	<u>Carried forward</u>
Date of liquidation		8/26/1991	4/04/1992	11/11/1999	12/23/2001	9/27/2004	1/06/2005	
Revenue collected:								
Assessments	S —	—	—	—	—	—	—	—
Liquidation proceeds and other	148,277	—	10,677	—	53	2,473	—	161,480
Interest income	10,729	1,977	—	—	—	2,995	10,612	26,313
Total revenue collected	159,006	1,977	10,677	—	53	5,468	10,612	187,793
Expenses paid:								
Losses	51,798	16,600	—	—	—	—	23,750	92,148
Refund of assessments	180,573	—	10,677	603	817	—	—	192,670
General and administrative	10,861	11,022	—	—	—	1,422	16,793	40,098
Total expenses paid	243,232	27,622	10,677	603	817	1,422	40,543	324,916
Revenue collected over (under) expenses paid	(84,226)	(25,645)	—	(603)	(764)	4,046	(29,931)	(137,123)
Fund balance (deficit), beginning of year	2,000,541	356,968	10,677	603	764	530,360	1,888,789	4,788,702
Fund balance (deficit), end of year	S 1,916,315	331,323	10,677	—	—	534,406	1,858,858	4,651,579

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule - Revenue Collected,
Expenses Paid, and Change in Fund Balance

Year ended December 31, 2012

	<u>Brought forward</u>	<u>Acceleration Nat'l Insurance Company</u>	<u>HIH America Comp & Liab Ins Co</u>	<u>Rellance Insurance Co</u>	<u>Phico Insurance Company</u>	<u>Home Ins Co</u>	<u>Fremont Insurance Company</u>	<u>Carried forward</u>
Date of liquidation		3/01/2005	5/09/2005	10/04/2005	2/02/2006	6/14/2007	7/03/2007	
Revenue collected:								
Assessments	\$ —	—	—	—	—	—	—	—
Liquidation proceeds and other	161,480	3,225	—	—	—	29,697	—	194,402
Interest income	26,313	386	—	73,261	6,957	3,891	6,954	117,762
Total revenue collected	<u>187,793</u>	<u>3,611</u>	<u>—</u>	<u>73,261</u>	<u>6,957</u>	<u>33,588</u>	<u>6,954</u>	<u>312,164</u>
Expenses paid:								
Losses	92,148	—	—	114,167	57,762	(1,126)	10,325	273,276
Refund of assessments	192,670	85,648	13,251	—	—	—	—	291,569
General and administrative	40,098	—	—	84,879	27,300	22,705	13,404	188,386
Total expenses paid	<u>324,916</u>	<u>85,648</u>	<u>13,251</u>	<u>199,046</u>	<u>85,062</u>	<u>21,579</u>	<u>23,729</u>	<u>753,231</u>
Revenue collected over (under) expenses paid	<u>(137,123)</u>	<u>(82,037)</u>	<u>(13,251)</u>	<u>(125,785)</u>	<u>(78,105)</u>	<u>12,009</u>	<u>(16,775)</u>	<u>(441,067)</u>
Fund balance (deficit), beginning of year	4,788,702	83,237	13,251	13,018,391	1,252,921	688,130	1,236,905	21,081,537
Fund balance (deficit), end of year	<u>\$ 4,651,579</u>	<u>1,200</u>	<u>—</u>	<u>12,892,606</u>	<u>1,174,816</u>	<u>700,139</u>	<u>1,220,130</u>	<u>20,640,470</u>

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule – Revenue Collected,
Expenses Paid, and Change in Fund Balance

Year ended December 31, 2012

	<u>Brought forward</u>	<u>Legion Insurance Co</u>	<u>Villanova Insurance Company</u>	<u>Casualty Reciprocal Exchange</u>	<u>Imperial Cas & Ind</u>	<u>Centennial Insurance</u>	<u>Atlantic Mutual</u>	<u>Admin</u>	<u>Total</u>
Date of liquidation		7/29/2007	7/29/2007	8/19/2008	5/12/2010	4/27/2011	4/27/2011		
Revenue collected:									
Assessments	\$ —	—	—	—	—	—	—	42,250	42,250
Liquidation proceeds and other	194,402	212,645	455	—	—	—	—	87,991	495,493
Interest income	117,762	37,642	—	2,063	—	—	—	243	157,710
Total revenue collected	<u>312,164</u>	<u>250,287</u>	<u>455</u>	<u>2,063</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>130,484</u>	<u>695,453</u>
Expenses paid:									
Losses	273,276	164,957	—	—	—	6,933	26,008	—	471,174
Refund of assessments	291,569	—	2,112	—	—	—	—	—	293,681
General and administrative	188,386	63,448	—	4,185	1,494	2,578	8,375	—	268,466
Total expenses paid	<u>753,231</u>	<u>228,405</u>	<u>2,112</u>	<u>4,185</u>	<u>1,494</u>	<u>9,511</u>	<u>34,383</u>	<u>—</u>	<u>1,033,321</u>
Revenue collected over (under) expenses paid	(441,067)	21,882	(1,657)	(2,122)	(1,494)	(9,511)	(34,383)	130,484	(337,868)
Fund balance (deficit), beginning of year	<u>21,081,537</u>	<u>6,681,003</u>	<u>2,112</u>	<u>366,322</u>	<u>(3,936)</u>	<u>(6,124)</u>	<u>(6,065)</u>	<u>248,353</u>	<u>28,363,202</u>
Fund balance (deficit), end of year	<u>\$ 20,640,470</u>	<u>6,702,885</u>	<u>455</u>	<u>364,200</u>	<u>(5,430)</u>	<u>(15,635)</u>	<u>(40,448)</u>	<u>378,837</u>	<u>28,025,334</u>

See accompanying independent auditors' report.

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule – Revenue Collected,
Expenses Paid, and Change in Fund Balance

From inception to December 31, 2012

	<u>Closed insolvencies</u>	<u>Iowa National Mutual</u>	<u>Transit Casualty</u>	<u>Integrity</u>	<u>American Mutual</u>	<u>American Mutual Liability</u>	<u>Carried forward</u>
Revenue collected:							
Assessments	\$ 12,302,663	4,083,823	1,606,359	74,497	1,199,966	74,949	19,342,257
Liquidation proceeds and other	9,128,475	2,786,063	147,937	82,363	85,398	466,266	12,696,502
Interest income	3,643,034	1,636,670	127,293	17,592	85,877	66,010	5,576,476
Total revenue collected	25,074,172	8,506,556	1,881,589	174,452	1,371,241	607,225	37,615,235
Expenses paid:							
Losses	11,352,994	2,493,065	163,726	24,733	856,012	10,585	14,901,115
Loss adjustment expenses	117,052	84,463	7,327	—	30,635	—	239,477
Refund of assessments	12,682,806	4,083,823	1,651,676	82,488	—	497,446	18,998,239
General and administrative	921,320	168,555	56,542	79,376	291,569	42,727	1,560,089
Total expenses paid	25,074,172	6,829,906	1,879,271	186,597	1,178,216	550,758	35,698,920
Fund balance (deficit), at December 31, 2012	\$ —	1,676,650	2,318	(12,145)	193,025	56,467	1,916,315

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**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule – Revenue Collected,
Expenses Paid, and Change in Fund Balance

From inception to December 31, 2012

	<u>Brought forward</u>	<u>Rockwood</u>	<u>Midland</u>	<u>Comm Compensation Casualty Co</u>	<u>Credit Insurance Company</u>	<u>Carried forward</u>
Revenue collected:						
Assessments	\$ 19,342,257	1,100,000	215,529	496,561	2,938,217	24,092,564
Liquidation proceeds and other	12,696,502	304,931	55,504	244,654	116,423	13,418,014
Interest income	5,576,476	289,021	863	82,874	382,385	6,331,619
Total revenue collected	<u>37,615,235</u>	<u>1,693,952</u>	<u>271,896</u>	<u>824,089</u>	<u>3,437,025</u>	<u>43,842,197</u>
Expenses paid:						
Losses	14,901,115	1,110,527	168,254	220,856	1,390,686	17,791,438
Loss adjustment expenses	239,477	14,946	256	8,106	26,611	289,396
Refund of assessments	18,998,239	—	43,400	—	—	19,041,639
General and administrative	1,560,089	237,156	49,309	60,721	160,870	2,068,145
Total expenses paid	<u>35,698,920</u>	<u>1,362,629</u>	<u>261,219</u>	<u>289,683</u>	<u>1,578,167</u>	<u>39,190,618</u>
Fund balance (deficit), at December 31, 2012	\$ <u>1,916,315</u>	<u>331,323</u>	<u>10,677</u>	<u>534,406</u>	<u>1,858,858</u>	<u>4,651,579</u>

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule – Revenue Collected,
Expenses Paid, and Change in Fund Balance

From inception to December 31, 2012

	<u>Brought forward</u>	<u>Acceleration Nat'l Insurance Company</u>	<u>Reliance Insurance Co</u>	<u>Phico Insurance Company</u>	<u>Home Ins Co</u>	<u>Fremont Insurance Company</u>	<u>Carried forward</u>
Revenue collected:							
Assessments	\$ 24,092,564	74,999	12,816,161	2,349,945	930,585	2,073,658	42,337,912
Liquidation proceeds and other	13,418,014	14,445	7,036,574	2,233,167	794,177	1,674,155	25,170,532
Interest income	6,331,619	13,700	1,779,402	125,284	151,980	17,881	8,419,866
Total revenue collected	<u>43,842,197</u>	<u>103,144</u>	<u>21,632,137</u>	<u>4,708,396</u>	<u>1,876,742</u>	<u>3,765,694</u>	<u>75,928,310</u>
Expenses paid:							
Losses	17,791,438	11,734	7,891,472	3,234,962	1,039,738	2,367,314	32,336,658
Loss adjustment expenses	289,396	—	110,251	60,129	16,322	78,174	554,272
Refund of assessments	19,041,639	85,648	—	—	—	—	19,127,287
General and administrative	2,068,145	4,562	737,808	238,489	120,543	100,076	3,269,623
Total expenses paid	<u>39,190,618</u>	<u>101,944</u>	<u>8,739,531</u>	<u>3,533,580</u>	<u>1,176,603</u>	<u>2,545,564</u>	<u>55,287,840</u>
Fund balance (deficit), at December 31, 2012	<u>\$ 4,651,579</u>	<u>1,200</u>	<u>12,892,606</u>	<u>1,174,816</u>	<u>700,139</u>	<u>1,220,130</u>	<u>20,640,470</u>

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule – Revenue Collected,
Expenses Paid, and Change in Fund Balance

From inception to December 31, 2012

	<u>Brought forward</u>	<u>Legion Insurance Co</u>	<u>Villanova Insurance Company</u>	<u>Casualty Reciprocal Exchange</u>	<u>Imperial Cas & Ind</u>	<u>Centennial Insurance</u>	<u>Atlantic Mutual</u>	<u>Admin</u>	<u>Total</u>
Revenue collected:									
Assessments	\$ 42,337,912	6,653,383	5,068	421,825	—	—	—	1,103,615	50,521,803
Liquidation proceeds and other	25,170,532	3,102,096	1,679	50,131	—	—	—	207,546	28,531,984
Interest income	8,419,866	395,497	—	3,036	—	—	—	243,197	9,061,596
Total revenue collected	<u>75,928,310</u>	<u>10,150,976</u>	<u>6,747</u>	<u>474,992</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,554,358</u>	<u>88,115,383</u>
Expenses paid:									
Losses	32,336,658	3,059,797	3,874	89,972	2,284	11,588	32,557	77,277	35,614,007
Loss adjustment expenses	554,272	42,992	—	—	—	—	—	—	597,264
Refund of assessments	19,127,287	—	2,112	—	—	—	—	5,876	19,135,275
General and administrative	3,269,623	345,302	306	20,820	3,146	4,047	7,891	1,092,368	4,743,503
Total expenses paid	<u>55,287,840</u>	<u>3,448,091</u>	<u>6,292</u>	<u>110,792</u>	<u>5,430</u>	<u>15,635</u>	<u>40,448</u>	<u>1,175,521</u>	<u>60,090,049</u>
Fund balance (deficit), at December 31, 2012	\$ <u>20,640,470</u>	<u>6,702,885</u>	<u>455</u>	<u>364,200</u>	<u>(5,430)</u>	<u>(15,635)</u>	<u>(40,448)</u>	<u>378,837</u>	<u>28,025,334</u>

See accompanying independent auditors' report.