

ALASKA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION

BALANCE SHEETS DECEMBER 31, 2004 AND 2003

ASSETS	2004	2003
Cash and cash equivalents	\$ 1,023,384	\$ 1,117,296
Assessments receivable, net of allowance for doubtful accounts of \$33,436 and \$33,936 at December 31, 2004 and 2003, respectively	55,054	59,753
Other Assets	426	712
	\$ 1,078,864	\$ 1,177,761
LIABILITIES AND MEMBERS' DEFICIT		
Estimated insurance contractual obligations payable	\$ 1,837,000	\$ 1,835,000
Deferred revenue from members	33,387	32,520
Accounts payable and accrued liabilities	15,399	6,892
	1,885,786	1,874,412
Members' deficit	(806,922)	(696,651)
Commitments and contingencies	-	-
	\$ 1,078,864	\$ 1,177,761

See accompanying notes to financial statements.

ALASKA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004			2003		
	Administrative Fund	Insolvency Funds	Total	Administrative Fund	Insolvency Funds	Total
REVENUES:						
Member assessments	\$ 500	\$ -	\$ 500	\$ 184,650	\$ 180,000	\$ 364,650
Member refunds	-	-	-	-	(308,000)	(308,000)
Funds received from liquidators	-	175,584	175,584	-	15,564	15,564
Net investment income	1,736	8,128	9,864	1,074	10,652	11,726
Total revenues	2,236	183,712	185,948	185,724	(101,784)	83,940
EXPENSES:						
Claims and claims handling:						
Assumption reinsurance payments	-	156,902	156,902	-	143,158	143,158
Policyholder benefit claims	-	2,226	2,226	-	-	-
Third-party administrator refunds	-	-	-	-	-	-
Change in estimated insurance contractual obligations payable	-	2,000	2,000	-	(70,000)	(70,000)
Total claims and claims handling	-	161,128	161,128	-	73,158	73,158
Accounting and auditing fees	36,769	-	36,769	58,389	-	58,389
Outside legal services	-	-	-	540	233	773
Executive director fee	28,179	5,379	33,558	27,931	3,302	31,233
NOLHGA dues and assessments	36,665	8,291	44,956	32,488	10,858	43,346
Travel	10,376	-	10,376	11,503	-	11,503
General and administrative	9,432	-	9,432	7,469	-	7,469
Total expenses	121,421	174,798	296,219	138,320	87,551	225,871
Decrease (increase) in members' deficit	(119,185)	8,914	(110,271)	47,404	(189,335)	(141,931)
Members' equity (deficit), beginning of year	202,183	(898,834)	(696,651)	154,779	(709,499)	(554,720)
Members' equity (deficit), end of year	\$ 82,998	\$ (889,920)	\$ (806,922)	\$ 202,183	\$ (898,834)	\$ (696,651)

See accompanying notes to financial statements.

ALASKA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
Cash flows from operating activities:		
Cash received from member company assessments and estate distributions, net	\$ 181,650	\$ 71,058
Cash paid for policyholder obligations	(159,128)	(143,158)
Cash paid to consultants and suppliers	(126,298)	(153,505)
Interest received	9,864	11,726
Net cash used in operating activities	(93,912)	(213,879)
Cash and cash equivalents, beginning of year	1,117,296	1,331,175
Cash and cash equivalents, end of year	1,023,384	1,117,296
Cash flows from operating activities:		
Decrease in members' deficit	\$ (110,271)	\$ (141,931)
Adjustments to reconcile decrease in members' deficit to net cash provided in operating activities:		
Depreciation expense	286	475
Decrease (increase) in:		
Assessments receivable	4,699	(1,857)
Increase (decrease) in:		
Estimated insurance contractual obligations payable	2,000	(70,000)
Deferred revenue from members	867	701
Accounts payable and accrued liabilities	8,507	(1,267)
Net cash used in operating activities	\$ (93,912)	\$ (213,879)

See accompanying notes to financial statements.