

# ALASKA INSURANCE GUARANTY ASSOCIATION

## Combined Balance Sheets December 31, 2006 and 2005

Assets	2006	2005
Cash and cash equivalence	\$ 5,805,755	\$20,688,530
Investment securities (note 3)	22,851,400	—
Assessment receivable (notes 2 and 5)	1,438,260	6,920,032
Interest receivable	242,814	—
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Total assets	\$30,338,229	\$27,608,562
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### Liabilities and Members' Deficit

Assessments refunds payable (notes 2 and 5)	\$ 610,329	\$ 884,863
Reserve for claims and claim adjustment expenses (note 2)	38,929,326	40,351,670
Members' deficit (note 4)	(9,201,426)	(13,627,971)
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Total liabilities and members' deficit	\$30,338,229	\$27,608,562
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See accompanying notes to combined financial statements.

### Combined Statements of Changes in Members' Deficit Years ended December 31, 2006 and 2005

	2006	2005
Assessments (note 5)	\$ 1,439,460	21,408,667
Distributions from liquidators	7,737,308	4,443,088
Investment income (note 3)	1,061,147	266,730
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Total	10,237,915	26,118,485
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Change in claims and claim adjustment expense reserves	(1,422,344)	(3,882,786)
Claims paid	5,411,656	7,207,535
Claim adjustment expenses paid	513,868	705,564
Assessment Refunds	610,329	2,461,911
Interest	—	59,388
Administrative (note 7)	648,920	743,138
Other	48,941	—
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Total	5,811,370	7,294,750
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Net change in members' deficit during the year	4,426,545	18,823,735
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Members' deficit at beginning of year	(13,627,971)	(32,451,706)
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Members' deficit at end of year	\$ (9,201,426)	\$(13,627,971)
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See accompanying notes to combined financial statements.

# ALASKA INSURANCE GUARANTY ASSOCIATION

## Statements of Cash Flows

Years ended December 31, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Change in members' deficit	\$ 4,426,545	\$18,823,735
Adjustments to reconcile net change in members' deficit to net cash provided by operating activities:		
Decrease (increase) in assessments receivable	5,481,772	(6,905,500)
Increase in interest receivable	(242,814)	—
Unrealized gain on investments	(54,247)	—
Decrease in due from Alaska Division of Insurance	—	375,354
Increase (decrease) in assessment refunds payable	(274,534)	884,863
Decrease in assessments received in advance	—	(4,025,796)
Decrease in reserves for claims and claim adjustment expense	(1,422,344)	(3,882,786)
Net cash provided by operating activities	<u>7,914,378</u>	<u>5,269,870</u>
Cash flows from investing activities:		
Purchase of investment securities	<u>(22,797,153)</u>	—
Net cash used in investing activities	<u>(22,797,153)</u>	—
Cash flows from financing activities:		
Decrease in advances from liquidators	—	<u>(504,235)</u>
Net cash used in financing activities	—	<u>(504,235)</u>
Increase (decrease) in cash and cash equivalents	(14,882,775)	4,765,635
Cash and cash equivalents, beginning of year	<u>20,688,530</u>	<u>15,922,895</u>
Cash and cash equivalents, end of year	<u><u>\$ 5,805,755</u></u>	<u><u>20,688,530</u></u>

See accompanying notes to combined financial statements.

# ALASKA INSURANCE GUARANTY ASSOCIATION

## All Insolvencies by Statutory Account Combining Balance Sheet Information December 31, 2006

ASSETS	Auto	Other	Workers Compensation	Administrative	Eliminations	Total
Cash and cash equivalence	76,875	807,949	4,920,931	—	—	5,805,755
Investment securities	302,948	3,184,246	19,364,206	—	—	22,851,400
Assessment receivable	—	—	1,438,260	—	—	1,438,260
Interest receivable	3,215	33,791	205,808	—	—	242,814
Due from administrative account	15,470	607,883	—	—	(623,353)	—
Due from statutory accounts	—	—	—	96,702	(96,702)	—
<b>Total assets</b>	<b>398,508</b>	<b>4,633,869</b>	<b>25,929,205</b>	<b>96,702</b>	<b>(720,055)</b>	<b>30,338,229</b>

  

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	Auto	Other	Workers Compensation	Administrative	Eliminations	Total
Assessment refunds payable	—	—	610,329	—	—	610,329
Reserve for claims and claim adjustment expenses	86,161	677,765	38,115,866	49,534	—	38,929,326
Due to administrative account	—	—	720,055	—	(720,055)	—
Members' equity (deficit)	312,347	3,956,104	(13,517,045)	47,168	—	(9,201,426)
<b>Total Liabilities and members' equity (deficit)</b>	<b>398,508</b>	<b>4,633,869</b>	<b>25,929,205</b>	<b>96,702</b>	<b>(720,055)</b>	<b>30,338,229</b>

See accompanying independent auditors' report

### Combining Schedule of Changes in Members' Equity (Deficit) Year ended December 31, 2006

Assets	Auto	Other	Workers Compensation	Administrative	Total
Assessments	—	—	1,438,260	1,200	1,439,460
Distributions from liquidators	253,857	414,575	6,991,031	77,845	7,737,308
Investment Income	19,048	160,723	881,376	—	1,061,147
	272,905	575,298	9,310,667	79,045	10,237,915
Change in claims and claim adjustment expense reserves	(79,339)	(216,839)	(1,036,744)	(89,422)	(1,422,344)
Claims paid	570,000	62,693	4,778,963	—	5,411,656
Claim adjustment expenses paid	32,261	7,256	474,351	—	513,868
Assessment Refunds	—	—	610,329	—	610,329
Administrative costs	10,006	1,953	516,422	120,539	648,920
Other Expenses	—	—	48,941	—	48,941
Allocation of administrative costs	(1,624)	(2,172)	(37,698)	41,494	—
	531,304	(147,109)	5,354,564	72,611	5,811,370
Changes in members' equity (deficit) during the year	(258,399)	722,407	3,956,103	6,434	4,426,545
Members' equity (deficit) at beginning of year	570,746	3,233,697	(17,473,148)	40,734	(13,627,971)
<b>Members' equity (deficit) at end of year</b>	<b>312,347</b>	<b>3,956,104</b>	<b>(13,517,045)</b>	<b>47,168</b>	<b>(9,201,426)</b>

See accompanying independent auditors' report