

# ALASKA INSURANCE GUARANTY ASSOCIATION

## Combined Balance Sheets December 31, 2008 and 2007

<b>Assets</b>	<b>2008</b>	<b>2007</b>
Cash and cash equivalents	\$ 13,139,286	\$ 5,867,121
Investments (note 3)	18,524,256	26,744,734
Interest receivable	431,402	262,893
Total assets	<u>\$32,094,944</u>	<u>\$32,874,748</u>

### Liabilities and Members' Deficit

Assessment refunds payable (notes 2 and 5)	\$ —	\$ —
Reserve for claims and claim adjustment expenses (note 2)	38,071,481	40,802,270
Members' deficit (note 4)	<u>(5,976,537)</u>	<u>(7,927,522)</u>
Total liabilities and members' deficit	<u>\$32,094,944</u>	<u>\$32,874,748</u>

See accompanying notes to combined financial statements.

### Combined Statements of Changes in Members' Deficit Years ended December 31, 2008 and 2007

	<b>2008</b>	<b>2007</b>
Assessments (note 5)	\$ 1,200	2,502
Distributions from liquidators	3,754,740	7,598,230
Investment income (note 3)	1,002,355	1,518,848
Total	<u>4,758,295</u>	<u>9,119,580</u>
Change in claims and claim adjustment expense reserves	(2,730,789)	1,872,944
Claims paid	4,426,589	4,761,033
Claim adjustment expenses paid	540,687	612,173
Administrative (note 7)	570,823	599,526
Total	<u>2,807,310</u>	<u>7,845,676</u>
Net change in members' deficit during the year	1,950,985	1,273,904
Members' deficit at beginning of year	<u>(7,927,522)</u>	<u>(9,201,426)</u>
Members' deficit at end of year	<u>\$ (5,976,537)</u>	<u>\$ (7,927,522)</u>

See accompanying notes to combined financial statements.

# ALASKA INSURANCE GUARANTY ASSOCIATION

## Statements of Cash Flows

Years ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Change in members' deficit	\$ 1,950,985	\$ 1,273,904
Adjustments to reconcile net change in members' deficit to net cash (used in) provided by operating activities:		
Net accretion of bond discount	17,120	(71,098)
Unrealized less (gain) on investments	38,358	(168,108)
Changes in assets and liabilities that provided (used) cash:		
Decrease in assessments receivable	—	1,438,260
Increase in interest receivable	(168,509)	(20,079)
Decrease in assessment refunds payable	—	(610,329)
(Decrease) Increase in reserves for claims and claim adjustment expense	(2,730,789)	1,872,944
Net cash (used in) provided by operating activities	<u>(892,825)</u>	<u>3,715,494</u>
Cash flows from investing activities:		
Purchase of investment	(11,000,000)	(21,654,128)
Sale of investments	19,165,000	18,000,000
Net cash provided by (used in) investing activities	<u>8,165,000</u>	<u>(3,654,128)</u>
Increase in cash and cash equivalents	7,272,165	61,366
Cash and cash equivalents, beginning of year	<u>5,867,121</u>	<u>5,805,755</u>
Cash and cash equivalents, end of year	<u>\$ 13,139,286</u>	<u>5,867,121</u>

See accompanying notes to combined financial statements.

# ALASKA INSURANCE GUARANTY ASSOCIATION

## All Insolvencies by Statutory Account Combining Balance Sheet Information December 31, 2008

ASSETS Auto	Other	Workers Compensation	Administrative	Total
Cash and cash equivalence	135,001	1,854,400	11,149,885	— 13,139,286
Investment	190,330	2,614,403	15,719,523	— 18,524,256
Interest receivable	4,432	60,886	366,084	— 431,402
<b>Total assets</b>	<b>329,763</b>	<b>4,529,689</b>	<b>27,235,492</b>	<b>— 32,094,944</b>

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	Auto	Other	Workers Compensation	Administrative	Total
Reserve for claims and claim adjustment expenses	60,465	619,456	37,222,564	168,996	38,071,481
Members' equity (deficit)	319,330	5,599,291	(11,367,033)	(528,125)	(5,976,537)
<b>Total Liabilities and members' equity (deficit)</b>	<b>379,795</b>	<b>6,218,747</b>	<b>25,855,531</b>	<b>(359,129)</b>	<b>32,094,944</b>

See accompanying independent auditors' report

### Combining Schedule of Changes in Members' Equity (Deficit) Year ended December 31, 2008

Assets	Auto	Workers Other	Compensation	Administrative	Total
Assessments	—	—	—	1,200	1,200
Distributions from liquidators	25,237	246,906	3,481,080	1,517	3,754,740
Investment Income	10,607	135,998	855,750	—	1,002,355
35,844	382,904	4,336,830	2,717	4,758,295	
Change in claims and claim adjustment expense reserves	(38,672)	(887,531)	(1,866,779)	62,193	(2,730,789)
Claims paid	—	30,439	4,396,150	—	4,426,589
Claim adjustment expenses paid	43,955	—	496,732	—	540,687
Administrative costs	6,082	1,233	448,145	115,363	570,823
Allocation of administration costs	(13,944)	(102,514)	3,812	112,646	—
(2,579)	(958,373)	3,478,060	290,202	2,807,310	
<b>Changes in members' equity (deficit) during the year</b>	<b>38,423</b>	<b>1,341,277</b>	<b>858,770</b>	<b>(287,485)</b>	<b>1,950,985</b>
Members' equity (deficit) at beginning of year	280,907	4,258,014	(12,225,803)	(240,640)	(7,927,522)
<b>Members' equity (deficit) at end of year</b>	<b>319,330</b>	<b>5,599,291</b>	<b>(11,367,033)</b>	<b>(528,125)</b>	<b>(5,976,537)</b>

See accompanying independent auditors' report