

ALASKA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION

Balance Sheets December 31, 2008 and 2007

ASSETS	2008	2007
Cash and cash equivalents	\$ 998,976	\$ 1,213,660
Assessments receivable, net of allowance for doubtful accounts of \$19,988 at December 31, 2008 and 2007	<u>28,391</u>	<u>29,534</u>
	<u>\$ 1,243,194</u>	<u>\$ 1,031,396</u>
LIABILITIES AND MEMBERS' DEFICIT		
Estimated insurance contractual obligations payable	\$ 1,489,000	\$ 1,536,000
Deferred revenue from members	30,737	30,467
Accounts payable and accrued liabilities	<u>8,589</u>	<u>3,695</u>
	1,528,326	1,570,162
Members' deficit	(500,959)	(326,968)
Commitments and contingencies	<u>—</u>	<u>—</u>
	<u>\$ 1,027,367</u>	<u>\$ 1,243,194</u>

See accompanying notes to financial statements.

ALASKA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION

Statements of Activities Years Ended December 31, 2008 and 2007

	2008			2007		
	Administrative Fund	Insolvency Funds	Total	Administrative Fund	Insolvency Funds	Total
REVENUES:						
Member assessments	\$ —	\$ —	\$ —	\$ 173,250	\$ 250,000	\$ 423,250
Funds received from liquidators	—	1,124	1,124	—	14,319	14,319
Net investment income	1,260	32,397	33,657	3,121	38,867	41,988
Total revenues	1,260	33,521	34,781	176,371	303,186	479,557
EXPENSES:						
Claims and claims handling:						
Assumption reinsurance payments	—	125,969	125,969	—	125,825	125,825
Change in estimated insurance contractual obligations payable	—	(47,000)	(47,000)	—	(44,000)	(44,000)
Total claims and claims handling	—	78,969	78,969	—	81,825	81,825
Accounting and auditing fees	30,569	—	30,569	46,943	—	46,943
Executive director fee	36,084	6,563	42,647	31,895	6,914	38,809
NOLHGA dues and assessments	35,625	2,408	38,033	31,448	6,732	38,180
Uncollectible member assessments	—	—	—	(11,099)	—	(11,099)
Travel	12,417	—	12,417	11,184	1,243	12,427
General and administrative	6,137	—	6,137	5,543	—	5,543
Total expenses	120,832	87,940	208,772	115,914	96,714	212,628
Decrease (increase) in members' deficit	(119,572)	(54,419)	(173,991)	60,457	206,472	266,929
Members' equity (deficit) beginning of year	117,932	(444,900)	(326,968)	57,475	(651,372)	(593,897)
Members' equity (deficit) end of year	\$ (1,640)	\$ (499,319)	\$ (500,959)	\$ 117,932	\$ (444,900)	\$ (326,968)

See accompanying notes to financial statements.

ALASKA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION

Statements of Cash Flows Years Ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from member company assessments and estate distributions, net	\$ 15,749	\$ 619,921
Cash paid for policyholder obligations	(125,969)	(125,825)
Cash paid to consultants and suppliers	(124,908)	(160,366)
Interest received	20,444	41,987
Net cash (used in) provided by operating activities	(214,684)	375,717
Cash and cash equivalents, beginning of year	1,213,660	837,943
Cash and cash equivalents, end of year	998,976	1,213,660
Reconciliation of increase (decrease) in members' deficit to cash (used in) provided by operating activities:		
(Increase) decrease in members' deficit	\$ (173,991)	\$ 266,929
Adjustments to reconcile decrease in members' deficit to net cash (used in) provided by operating activities:		
Depreciation expense	-	119
Decrease in assessments receivable	1,143	163,800
Increase (decrease) in:		
Estimated insurance contractual obligations payable	(47,000)	(44,000)
Deferred revenue from members	270	7,453
Accounts payable and accrued liabilities	4,894	(18,584)
Net cash (used in) provided by operating activities	\$ (214,684)	\$ 375,717

See accompanying notes to financial statements.