

ALASKA INSURANCE GUARANTY ASSOCIATION

Combined Balance Sheets

December 31, 2009 and 2008

Assets	2009	2008
Cash and cash equivalents	\$26,466,034	\$13,139,286
Investments (note 3)	2,884,381	18,524,256
Interest receivable	116,133	431,402
	<u> </u>	<u> </u>
Total assets	<u>\$29,466,548</u>	<u>\$32,094,944</u>

Liabilities and Members' Deficit

Reserve for claims and claim adjustment expenses (note 2)	\$36,960,868	\$38,071,481
Members' deficit (note 4)	<u>(7,494,320)</u>	<u>(5,976,537)</u>
	<u> </u>	<u> </u>
Total liabilities and members' deficit	<u>\$29,466,548</u>	<u>\$32,094,944</u>

See accompanying notes to combined financial statements.

Combined Statements of Changes in Members' Deficit

Years ended December 31, 2009 and 2008

	2009	2008
Assessments (note 5)	\$ 1,300	1,200
Distributions from liquidators	2,265,835	3,754,740
Investment income (note 3)	194,840	1,002,355
	<u> </u>	<u> </u>
Total	2,461,975	4,758,295
Change in claims and claim adjustment expense reserves	(1,110,359)	(2,730,789)
Claims paid	3,968,971	4,426,589
Claim adjustment expenses paid	463,857	540,687
Administrative (note 7)	657,289	570,823
	<u> </u>	<u> </u>
Total	3,979,758	2,807,310
	<u> </u>	<u> </u>
Net change in members' deficit during the year	(1,517,783)	1,950,985
Members' deficit at beginning of year	<u>(5,976,537)</u>	<u>(7,927,522)</u>
Members' deficit at end of year	<u>\$ (7,494,320)</u>	<u>\$ (5,976,537)</u>

See accompanying notes to combined financial statements.

ALASKA INSURANCE GUARANTY ASSOCIATION

Statements of Cash Flows

Years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Change in members' deficit	\$ (1,517,783)	\$ 1,950,985
Adjustments to reconcile net change in members' deficit to net cash used in operating activities:		
Net accretion of bond discount	8,685	17,120
Unrealized loss on investments	—	38,358
Changes in assets and liabilities that provided (used) cash:		
Increase (decrease) in interest receivable	315,269	(168,509)
Decrease in reserves for claims and claim adjustment expense	(1,110,613)	(2,730,789)
Net cash used in operating activities	<u>(2,304,442)</u>	<u>(892,835)</u>
Cash flows from investing activities:		
Purchase of investment	(10,868,810)	(11,000,000)
Sale of investments	<u>26,500,000</u>	<u>19,165,000</u>
Net cash provided by investing activities	<u>15,631,190</u>	<u>8,165,000</u>
Increase in cash and cash equivalents	13,326,748	7,272,165
Cash and cash equivalents, beginning of year	<u>13,139,286</u>	<u>5,867,121</u>
Cash and cash equivalents, end of year	<u><u>\$26,466,034</u></u>	<u><u>13,139,286</u></u>

See accompanying notes to combined financial statements.

ALASKA INSURANCE GUARANTY ASSOCIATION

All Insolvencies by Statutory Account Combining Balance Sheet Information December 31, 2009

ASSETS	Auto	Other	Workers Compensation	Administrative	Total
Cash and cash equivalence	559,408	4,301,187	21,605,439	—	26,466,034
Investment	60,967	468,762	2,354,652	—	2,884,381
Interest receivable	2,455	18,874	94,804	—	116,133
Total assets	622,830	4,788,823	24,054,895	—	29,466,548

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	Auto	Other	Workers Compensation	Administrative	Total
Reserve for claims and claim adjustment expenses	—	—	36,810,627	150,241	36,960,868
Members' equity (deficit)	678,139	6,548,855	(14,238,504)	(482,810)	(7,494,320)
Total Liabilities and members' equity (deficit)	678,139	6,548,855	22,572,123	(332,569)	29,466,548

See accompanying independent auditors' report

Combining Schedule of Changes in Members' Equity (Deficit) Year ended December 31, 2009

Assets	Auto	Other	Workers Compensation	Administrative	Total
Assessments	—	—	—	1,300	1,300
Distributions from liquidators	314,288	325,595	1,548,081	77,871	2,265,835
Investment Income	2,586	30,146	162,108	—	194,840
	316,874	355,741	1,710,189	79,171	2,461,975
Change in claims and claim adjustment expense reserves	(60,465)	(619,456)	(411,938)	(18,500)	(1,110,359)
Claims paid	16,878	22,218	3,929,875	—	3,968,971
Claim adjustment expenses paid	(464)	—	464,321	—	463,857
Administrative costs	6,743	42,775	542,118	65,653	657,289
Allocation of administration costs	(4,627)	(39,360)	57,284	(13,297)	—
	(41,935)	(593,823)	4,581,660	33,856	3,979,758
Changes in members' equity (deficit) during the year	358,809	949,564	(2,871,471)	45,315	(1,517,783)
Members' equity (deficit) at beginning of year	319,330	5,599,291	(11,367,033)	(528,125)	(5,976,537)
Members' equity (deficit) at end of year	678,139	6,548,855	(14,238,504)	(482,810)	(7,494,320)

See accompanying independent auditors' report