

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

STATE OF NEBRASKA, ex rel.)
L. TIM WAGNER,)
DIRECTOR OF INSURANCE OF)
THE STATE OF NEBRASKA,)
)
Petitioner,)
)
vs.)
)
FAR WEST INSURANCE COMPANY,)
)
Respondent.)

Case No. CI 01 4133

APPLICATION NO. 46

**(FILING DECEMBER 31, 2009
FINANCIAL STATEMENTS AND FOR
ORDER APPROVING SAME)**

Ann M. Frohman, Liquidator ("Liquidator") of Far West Insurance Company ("Far West"), files herewith December 31, 2009 financial statements of Far West and applies to the Court for an Order approving the same.

This application is made pursuant to the Nebraska Insurers Supervision, Rehabilitation and Liquidation Act, NEB. REV. STAT. § 44-4801 *et seq.*, specifically NEB. REV. STAT. § 44-4818 (5), and paragraph 7 of the Order of Liquidation, Declaration of Insolvency and Injunction dated November 9, 2001, wherein the Liquidator is required to file certain financial reports and accounting with the Court for the period ending December 31, 2001 and at least annually thereafter.

December 31, 2009 financial statements of Far West, including a balance sheet and a statement of receipts and disbursements are attached hereto as Exhibit A and incorporated herein by reference.

LANCASTER COUNTY
2010 MAR 23 PM 3 58
CLERK OF THE
DISTRICT COURT

47



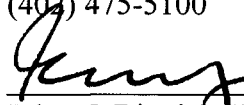
000836066D02

The Liquidator prays for an Order approving the financial statements.

DATED: March 23, 2010.

ANN M. FROHMAN, DIRECTOR OF THE
DEPARTMENT OF INSURANCE, STATE OF
NEBRASKA, LIQUIDATOR OF FAR WEST
INSURANCE COMPANY, Petitioner

By: REMBOLT LUDTKE LLP
Attorneys for Petitioner
1201 Lincoln Mall, Suite 102
Lincoln, NE 68508
(402) 475-5100

By: 

John H. Binning (#10320)
Robert L. Nefsky (#15449)
Jane F. Langan (#20736)

Far West Insurance Company

Balance Sheet
December 31, 2009

Assets		Liabilities																																									
Cash	10,959,924 (a)	Losses	9,718,992 (b)																																								
Reinsurance recoverables on paid	391,372	Loss adjustment expenses	1,492,492 (b)																																								
Accrued interest and dividends	200	Administrative costs:																																									
Write ins	4,625 (1)	Accrued	166,459																																								
		Projected	142,000 (c)																																								
		Taxes, licenses and fees	614,141																																								
		Unearned premiums	148,177																																								
		Ceded reinsurance premiums payable	522,538																																								
		Other liabilities pre-liquidation	326,892																																								
		Amounts held on behalf of others	343,289 (d)																																								
		Provision for reinsurance	391,372																																								
		GF Obligation	0																																								
		Write ins	<u>370,882 (2)</u>																																								
		Total Liabilities	14,237,234																																								
		Surplus	<u>(2,881,114)</u>																																								
		Total Liabilities and Surplus	<u><u>11,356,120</u></u>																																								
Total Assets	<u><u>11,356,120</u></u>																																										
<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">(1) Aggregate write-ins assets</td> <td style="width: 30%;"></td> <td style="width: 30%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td> Contract fund receivable</td> <td style="text-align: right;">0</td> <td></td> <td></td> </tr> <tr> <td> Funds Held By Reinsured Companies</td> <td style="text-align: right;">0</td> <td></td> <td></td> </tr> <tr> <td> Early Access Payments</td> <td style="text-align: right;">0</td> <td></td> <td></td> </tr> <tr> <td> Other assets</td> <td style="text-align: right;">4,625</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>4,625</u></td> <td></td> <td></td> </tr> <tr> <td colspan="4" style="padding-top: 10px;">(2) Aggregate write-ins liabilities</td> </tr> <tr> <td> Dividends payable</td> <td style="text-align: right;">362,060</td> <td></td> <td></td> </tr> <tr> <td> Other liabilities</td> <td style="text-align: right;">8,822</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>370,882</u></td> <td></td> <td></td> </tr> </table>				(1) Aggregate write-ins assets				Contract fund receivable	0			Funds Held By Reinsured Companies	0			Early Access Payments	0			Other assets	4,625				<u>4,625</u>			(2) Aggregate write-ins liabilities				Dividends payable	362,060			Other liabilities	8,822				<u>370,882</u>		
(1) Aggregate write-ins assets																																											
Contract fund receivable	0																																										
Funds Held By Reinsured Companies	0																																										
Early Access Payments	0																																										
Other assets	4,625																																										
	<u>4,625</u>																																										
(2) Aggregate write-ins liabilities																																											
Dividends payable	362,060																																										
Other liabilities	8,822																																										
	<u>370,882</u>																																										

(a) \$.7 million in Restricted Statutory Deposits most for the benefit of Policyholders of selected states and not for the benefit of all policyholders
 (b) Subject to Liquidation Proof of Claim Process and Ult. Collection of Reinsurance
 (c) This accrual deviates from Statutory Accounting/Projected Expenses of Liquidation
 (d) Secured Liabilities

** This Balance Sheet deviates from Statutory Accounting Principles as set forth in footnote (c) above

EXHIBIT A
182

FAR WEST INSURANCE COMPANY, IN LIQUIDATION

Statement of Cash Receipts and Disbursements

Information through December 31, 2009

	Nov 9, 2001 to Dec 31, 2001	2002	2003	2004	2005	2006	2007	2008	2009	Nov 9, 2001 to December 31, 2009
Receipts:										
Fee income		213,884	35,087	2,556	439	0	0	0	0	251,966
Premium received								1,891,287		1,891,287
Net reinsurance transactions		66,761	380,063	0	1,070,221	1,904,817	0	0	0	3,421,861
Indemnity recoveries	4,518	647,810	443,643	197,046	87,055	122,814	20,100	14,010	1,963	1,538,958
Contract fund recoveries	7,342		45,781	232,364	0	0	0	0	26,367	311,855
Collateral recoveries		100,000	44,958	1,392	116,225	0	60,000	621,561	412,174	1,356,311
Interest income	149,243	721,560	568,221	515,975	614,699	837,941	784,420	292,031	38,154	4,522,244
Agents balances	403,284	500,234	1,006,926	267,725	7,824	794	150	0	0	2,186,937
Settlements and preferences			8,598	20,000	0	496,517	0	0	0	525,115
Sale of fixed assets		221,808						0	0	221,808
Miscellaneous		479,931	96,043	105,806	(11,149)	7,442	5,613	216,416	554	900,657
Total cash receipts	564,387	2,951,989	2,629,322	1,342,863	1,885,314	3,370,325	870,283	3,035,306	479,211	17,128,999
Disbursements:										
Net operating costs	(162,880)	(716,016)	(367,270)	(361,654)	(488,989)	(272,762)	(184,701)	(133,074)	(153,221)	(2,840,567)
Management fees		(616,110)	(1,049,001)	(600,825)	(420,000)	(150,000)	(74,991)	(47,670)	(36,324)	(2,994,921)
Loss and ALAE payments	(2,695)	(337,656)	(244,152)	(78,068)	(255,908)	(2,072)	(29,548)	(207,416)	(4,030,859)	(5,188,375)
Early Access Payments							(10,391,233)	0	0	(10,391,233)
Total cash disbursements	(165,575)	(1,669,783)	(1,660,423)	(1,040,547)	(1,164,897)	(424,834)	(10,680,474)	(388,160)	(4,220,403)	(21,415,096)
Net operating cash flows	398,812	1,282,206	968,899	302,316	720,417	2,945,491	(9,810,191)	2,647,145	(3,741,192)	(4,286,097)
Other cash flows										
Release of encumbered assets		1,415,000	360,000	519,982	754,035	133,215	10,000	150,000	1,190,210	4,532,442
Net investment transactions	0	(4,272,532)	1,677,215	(1,076,337)	(3,181,858)	7,775,000	5,690,000	0	0	6,611,488
Net cash collateral transactions	(23,135)	(201,222)	(98,527)	(3,740)	0	(42,760)	(82,477)	(206,556)	(20,840)	(679,257)
Total other cash flows	(23,135)	(3,058,754)	1,938,688	(560,095)	(2,427,823)	7,865,455	5,617,523	(56,556)	1,169,370	10,464,674
Net cash flows	375,677	(1,776,548)	2,907,587	(257,779)	(1,707,406)	10,810,945	(4,192,668)	2,590,589	(2,571,822)	6,176,577

EXHIBIT A
2 of 2