

*Handwritten mark*

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. 55**

**(FILING DECEMBER 31, 2010  
FINANCIAL STATEMENTS AND FOR  
ORDER APPROVING SAME)**

Bruce R. Ramage, Liquidator ("Liquidator") of Far West Insurance Company ("Far West"), files herewith December 31, 2010 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, 2010 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  
 2011 APR 6 PM 3 48  
 CLERK OF THE  
 DISTRICT COURT



000986048D02

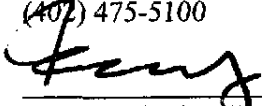
57  
*Handwritten signature*

The Liquidator prays for an Order approving the financial statements.

DATED: April 6, 2011.

BRUCE R. RAMGE, 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, 2010

<b>Assets</b>			<b>Liabilities</b>	
Cash	3,502,544	(a)	Losses	2,330,562
Reinsurance recoverables on paids	168,432		Loss adjustment expenses	359,532
Accrued interest and dividends	0		Administrative costs:	
Write ins	796	(1)	Accrued	0
			Projected	92,000
			Taxes, licenses and fees	614,141
			Unearned premiums	111,654
			Ceded reinsurance premiums payable	318,951
			Other liabilities pre-liquidation	196,227
			Amounts held on behalf of others	343,289
			Provision for reinsurance	391,372
			GF Obligation	0
			Write ins	406,573
				(2)
				5,164,302
<b>Total Assets</b>	<u>3,671,772</u>		<b>Total Liabilities</b>	<u>5,164,302</u>
			<b>Surplus</b>	<u>(1,492,530)</u>
			<b>Total Liabilities and Surplus</b>	<u>3,671,772</u>

(1) Aggregate write-ins assets  
 Contract fund receivable (204)  
 Funds Held By Reinsured Companies 0  
 Early Access Payments 0  
 Other assets 1,000  
796

(2) Aggregate write-ins liabilities  
 Dividends payable 362,060  
 Other liabilities 44,513  
406,573

(a) \$.3 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

**FAR WEST INSURANCE COMPANY, IN LIQUIDATION**

Statement of Cash Receipts and Disbursements  
Information through December 31, 2010

	Nov 9, 2001 to Dec 31, 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Nov 9, 2001 to Dec 31, 2010
<b>Receipts:</b>											
Fee income		213,884	35,087	2,556	439	0	0	0	0	0	251,966
Premium received		66,761	380,063	0	1,070,221	1,904,817	0	1,891,287	0	0	1,891,287
Net reinsurance transactions		647,810	443,643	197,046	87,055	122,814	20,100	14,010	1,963	47,523	3,469,384
Indemnity recoveries	4,518									12,035	1,550,993
Contract fund recoveries	7,342		45,781	232,364	0	0	0	0	26,367	0	311,855
Collateral recoveries		100,000	44,958	1,392	116,225	0	60,000	621,561	412,174	1,386,327	2,742,638
Interest income	149,243	721,560	568,221	515,975	614,699	837,941	784,420	292,031	38,154	4,290	4,526,535
Agents balances	403,284	500,234	1,006,926	287,725	7,824	794	150	0	0	0	2,186,937
Settlements and preferences			8,598	20,000	0	496,517	0	0	0	0	525,115
Sale of fixed assets		221,808				0	0	0	0	0	221,808
Miscellaneous		479,931	96,043	105,806	(11,149)	7,442	5,613	216,416	554	226,454	1,127,111
<b>Total cash receipts</b>	<b>564,387</b>	<b>2,951,989</b>	<b>2,629,322</b>	<b>1,342,863</b>	<b>1,885,314</b>	<b>3,370,325</b>	<b>870,283</b>	<b>3,035,306</b>	<b>479,211</b>	<b>1,676,629</b>	<b>18,805,628</b>
<b>Disbursements:</b>											
Net operating costs	(162,880)	(716,016)	(367,270)	(361,654)	(488,989)	(272,762)	(184,701)	(105,753)	(153,221)	(240,107)	(3,053,352)
Management fees		(616,110)	(1,049,001)	(600,825)	(420,000)	(150,000)	(74,991)	(74,991)	(36,324)		(3,022,242)
Loss and ALAE payments	(2,695)	(337,656)	(244,152)	(78,068)	(255,908)	(2,072)	(29,548)	(207,416)	(4,030,859)	(8,893,937)	(14,082,311)
Early Access Payments							(10,391,233)	0	0	0	(10,391,233)
<b>Total cash disbursements</b>	<b>(165,575)</b>	<b>(1,669,783)</b>	<b>(1,560,423)</b>	<b>(1,040,547)</b>	<b>(1,164,897)</b>	<b>(424,834)</b>	<b>(10,680,474)</b>	<b>(388,160)</b>	<b>(4,220,403)</b>	<b>(9,134,043)</b>	<b>(30,549,139)</b>
<b>Net operating cash flows</b>	<b>398,812</b>	<b>1,282,206</b>	<b>968,899</b>	<b>302,316</b>	<b>720,417</b>	<b>2,945,491</b>	<b>(9,810,191)</b>	<b>2,647,145</b>	<b>(3,741,192)</b>	<b>(7,457,414)</b>	<b>(11,743,511)</b>
<b>Other cash flows</b>											
Release of encumbered assets		1,415,000	360,000	519,982	754,035	133,215	10,000	150,000	1,190,210	432,314	4,964,756
Net investment transactions	0	(4,272,532)	1,677,215	(1,076,337)	(3,181,858)	7,775,000	5,690,000	0	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)	0	(679,257)
<b>Total other cash flows</b>	<b>(23,135)</b>	<b>(3,058,754)</b>	<b>1,938,688</b>	<b>(560,095)</b>	<b>(2,427,823)</b>	<b>7,865,455</b>	<b>5,617,523</b>	<b>(56,556)</b>	<b>1,169,370</b>	<b>432,314</b>	<b>10,896,988</b>
<b>Net cash flows</b>	<b>375,677</b>	<b>(1,776,548)</b>	<b>2,907,587</b>	<b>(257,779)</b>	<b>(1,707,406)</b>	<b>10,810,945</b>	<b>(4,192,668)</b>	<b>2,590,589</b>	<b>(2,571,822)</b>	<b>(7,025,100)</b>	<b>(846,523)</b>

EXHIBIT **A**  
2 of 2