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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. 41

(FILING DECEMBER 31, 2008
FINANCIAL STATEMENTS AND FOR
ORDER APPROVING SAME)

Ann M. Frohman, Liquidator ("Liquidator") of Far West Insurance Company ("Far West"), files herewith December 31, 2008 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, 2008 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
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CLERK OF THE
DISTRICT COURT

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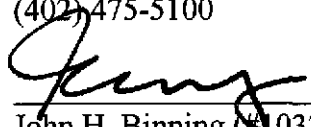
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The Liquidator prays for an Order approving the financial statements.

DATED: March 9, 2009.

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

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Far West Insurance Company

Balance Sheet
December 31, 2008

Assets		Liabilities	
Cash	14,915,816	Losses	13,254,264 (b)
Reinsurance recoverables on paid	422,438	Loss adjustment expenses	1,492,492 (b)
Accrued interest and dividends	259	Administrative costs:	
Write ins	10,519,032 (1)	Accrued	215,365
		Projected	176,000 (c)
		Taxes, licenses and fees	614,141
		Unearned premiums	151,019
		Ceded reinsurance premiums payable	244,359
		Other liabilities pre-liquidation	326,892
		Amounts held on behalf of others	909,513 (d)
		Provision for reinsurance	422,438
		GF Obligation	11,309,653
		Write ins	<u>362,060 (2)</u>
		Total Liabilities	29,478,195
			<u>(3,620,649)</u>
		Total Liabilities and Surplus	25,857,546
Total Assets	<u>25,857,546</u>		

(1) Aggregate write-ins assets
 Contract fund receivable 25,571
 Funds Held By Reinsured Companies 816,000
 Early Access Payments 9,855,022
 Other assets (177,560)
10,519,032

(2) Aggregate write-ins liabilities
 Dividends payable 362,060
 Other liabilities 0
362,060

(a) \$2.1 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

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FAR WEST INSURANCE COMPANY, IN LIQUIDATION

Statement of Cash Receipts and Disbursements
Information through December 31, 2008

	November 8, 2001 to December 31, 2001	2002	2003	2004	2005	2006	2007	2008	November 8, 2001 to December 31, 2008
Receipts:									
Fee income		213,884	35,087		2,556	439	0	0	251,966
Premium received		66,761	390,063		0	1,904,221	0	1,891,287	1,891,287
Net reinsurance transactions		647,810	443,643	197,046	87,065	122,814	0	0	3,421,861
Indemnity recoveries	4,518		45,781	232,364	0	0	20,100	14,010	1,538,995
Contract fund recoveries	7,342		44,958	1,392	116,225	0	60,000	621,561	285,487
Collateral recoveries		100,000	568,221	515,975	614,699	837,941	784,420	292,031	944,137
Interest income	149,243	721,560	1,006,928	267,725	794	0	150	0	4,484,091
Agents balances	403,284	500,234	8,598	20,000	0	496,517	0	0	2,186,937
Settlements and preferences		221,808	96,043	105,806	(11,149)	7,442	0	0	525,115
Sale of fixed assets		478,931					5,613	216,418	221,808
Miscellaneous									900,103
Total cash receipts	564,387	2,851,989	2,629,322	1,342,863	1,885,314	3,370,326	870,283	3,035,306	16,649,787
Disbursements:									
Net operating costs	(162,880)	(716,016)	(367,270)	(361,654)	(488,989)	(273,762)	(184,701)	(105,753)	(2,660,026)
Management fees		(616,110)	(1,049,001)	(600,625)	(420,000)	(150,000)	(74,991)	(74,991)	(2,985,916)
Loss and ALAE payments	(2,695)	(537,556)	(244,152)	(78,088)	(255,908)	(2,072)	(29,548)	(207,416)	(1,157,516)
Early Access Payments							(10,391,233)	0	(10,391,233)
Total cash disbursements	(165,575)	(1,869,783)	(1,660,423)	(1,040,647)	(1,164,897)	(424,834)	(10,680,474)	(388,160)	(17,194,693)
Net operating cash flows	398,812	1,282,206	968,899	302,316	720,417	2,945,491	(9,810,191)	2,647,145	(644,906)
Other cash flows									
Release of encumbered assets		1,415,000	390,000	519,982	754,035	193,215	10,000	150,000	3,342,232
Net investment transactions	0	(4,272,532)	1,677,215	(1,076,337)	(3,181,858)	7,775,000	5,690,000	0	6,611,488
Net cash collateral transactions	(23,135)	(201,222)	(98,527)	(3,740)	0	(42,760)	(82,477)	(206,556)	(658,416)
Total other cash flows	(23,135)	(3,058,754)	1,938,688	(660,095)	(2,427,823)	7,865,465	5,617,523	(56,556)	9,295,304
Net cash flows	375,677	(1,776,548)	2,907,587	(267,779)	(1,707,405)	10,810,945	(4,192,668)	2,690,589	8,760,399

EXHIBIT A

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