

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. )  
 )  
AMWEST SURETY INSURANCE )  
COMPANY, )  
 )  
Respondent. )

Case No. CI 01 2102

**APPLICATION NO. 76  
(FILING DECEMBER 31, 2007  
FINANCIAL STATEMENTS AND FOR  
ORDER APPROVING SAME)**

Ann M. Frohman, Liquidator (“Liquidator”) of Amwest Surety Insurance Company (“Amwest”), files herewith December 31, 2007 financial statements of Amwest 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 June 7, 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.

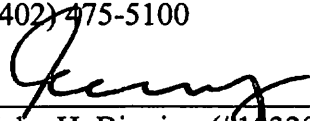
December 31, 2007 financial statements of Amwest, including a balance sheet and a statement of receipts and disbursements are attached hereto as Exhibit A and incorporated herein by reference.

The Liquidator prays for an Order approving the financial statements.

DATED: March 17, 2008.

ANN M. FROHMAN, DIRECTOR OF THE  
DEPARTMENT OF INSURANCE, STATE OF  
NEBRASKA, LIQUIDATOR OF AMWEST  
SURETY INSURANCE COMPANY, Petitioner

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# AMWEST SURETY INSURANCE COMPANY, IN LIQUIDATION

Balance Sheet  
December 31, 2007

Assets	749,447 (a)	0	0	25,000	44,983,224 (b)	0	(257,520)	0	28,762	3,022,775 (1)	72,557,579 (c),(f)	2,602,824 (c),(f)	70,236	998,744	1,292,093 (d)	68,400	2,235,819	433,523	816,000	5,246,660 (e)	8,302,112	5,255,495	8,105,985	631,615 (2)	108,617,085	(60,065,398)	48,551,688	
Bonds																												
Common stocks		0																										
Mortgage loans		0																										
Real estate		25,000																										
Cash		44,983,224 (b)																										
Agents balances		0																										
Reinsurance recoverables on paids		(257,520)																										
EDP		0																										
Accrued interest and dividends		28,762																										
Write ins		3,022,775 (1)																										
<b>Total Assets</b>		<u>48,551,688</u>																										
(1) Contract fund receivable		965,905																										
Other assets		<u>2,056,870</u>																										
		<u>3,022,775</u>																										
(2) Aggregate write-ins liabilities																												
Brokers commission payable		606,321																										
Other liabilities		<u>25,294</u>																										
		<u>631,615</u>																										
<b>Total Liabilities and Surplus</b>		<u>48,551,688</u>																										
(a) \$ .7 million in Restricted Statutory Deposits most for benefit of Policyholders of selected states and not for the benefit of all policyholders																												
(b) \$6.0 million in Restricted Statutory Deposits most for benefit of Policyholders of selected states and not for the benefit of all policyholders																												
(c) Subject to Liquidation Proof of Claim Process and Ult. Collection of Reinsurance																												
(d) This accrual deviates from Statutory Accounting/Projected Expenses of Liquidation																												
(e) Secured Liabilities																												
(f) Excludes all claims for which defaults occurred subsequent to bond cancellation date																												

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

EXHIBIT A  
1062

# AMWEST SURETY INSURANCE COMPANY, IN LIQUIDATION

## Statement of Cash Receipts and Disbursements Information through December 31, 2007

	June 7, 2001 to Dec. 31, 2001	2002	2003	2004	2005	2006	2007	June 7, 2001 to Dec 31, 2007
<b>Receipts:</b>								
Fee income	5,908,648	2,927,553	2,265,913	918,510	492,609	65,061	2,240	12,580,534
Net reinsurance transactions	8,472,307.00	811,652.08	660.72	553.06	8,597,754.00	0.00	0.00	17,882,927
Indemnity recoveries	1,550,876.00	2,306,761.61	1,952,625.86	1,773,178.33	1,282,355.43	2,066,144.72	1,163,320.09	12,095,262
Contract fund recoveries	2,413,209.00	968,643.23	982,110.10	1,877,368.07	0.00	0.00	24,296.59	6,265,627
Collateral recoveries	884,770.00	516,580.37	2,664,738.07	574,933.51	96,794.25	0.00	0.00	4,737,816
Interest income	1,065,647.00	1,768,730.46	1,261,975.05	902,606.95	1,237,934.08	1,598,635.03	2,182,660.83	10,018,189
Agents balances	2,697,471.00	856,084.81	557,774.85	252,494.05	47,471.09	4,780.64	3,250.75	4,419,327
Settlements and Preferences	11,557.97	512,564.12	2,822,244.07	1,389,383.31	4,834,989.43	1,303,864.89	0.00	10,874,604
Administrative reimbursement	34,380.53	37,373.43	48,183.16	64,152.74	67,861.77	4,905.89	30,000.00	286,858
Miscellaneous	216,735.19	234,754.57	485,615.62	802,267.64	25,084.76	31,135.73	495,640.46	2,291,234
<b>Total cash receipts</b>	<b>23,255,602</b>	<b>10,940,698</b>	<b>13,041,841</b>	<b>8,555,448</b>	<b>16,682,853</b>	<b>5,074,528</b>	<b>3,901,409</b>	<b>81,452,378</b>
<b>Disbursements:</b>								
Net operating costs	(5,311,170)	(5,764,722)	(3,552,957)	(3,512,098)	(2,593,868)	(2,426,710)	(1,359,283)	(24,520,807)
Payroll and related costs	(3,887,478)	(3,532,631)	(2,021,528)	(1,209,464)	(826,772)	(320,215)	(206,046)	(12,004,135)
Loss and LAE payments	(566,913)	(3,066,781)	(2,957,017)	(2,061,946)	(1,631,732)	(1,758,245)	(807,065)	(12,849,698)
Early Access Payments							(2,860,461)	(2,860,461)
Net Bail Exchange Transactions	(67,468)	(73,342)	9,906	617,961	(651,526)	0	0	(164,470)
<b>Total cash disbursements</b>	<b>(9,833,029)</b>	<b>(12,437,476)</b>	<b>(8,521,596)</b>	<b>(6,165,547)</b>	<b>(5,703,898)</b>	<b>(4,505,170)</b>	<b>(5,232,855)</b>	<b>(52,399,570)</b>
<b>Net operating cash flows</b>	<b>13,422,573</b>	<b>(1,496,778)</b>	<b>4,520,245</b>	<b>2,389,901</b>	<b>10,978,955</b>	<b>569,358</b>	<b>(1,331,446)</b>	<b>29,052,807</b>
<b>Other cash flows:</b>								
Release of encumbered assets	-	500,500	1,477,550	254,948	647,140	432,476	-	3,312,613
Net investment transactions	(9,353,094)	15,504,518	4,722,647	(5,654,902)	(7,576,219)	10,159,540	22,416,332	30,218,821
Net Cash Collateral Transactions	(4,033,088)	(4,384,177)	(6,858,466)	(941,549)	(128,048)	(14,313)	(4,539,471)	(20,799,112)
<b>Total other cash flows</b>	<b>(13,386,182)</b>	<b>11,620,841</b>	<b>(658,269)</b>	<b>(6,241,503)</b>	<b>(7,057,128)</b>	<b>10,577,702</b>	<b>17,876,861</b>	<b>12,732,323</b>
<b>Net cash Flows</b>	<b>36,391</b>	<b>10,124,063</b>	<b>3,861,976</b>	<b>(3,851,603)</b>	<b>3,921,828</b>	<b>11,147,061</b>	<b>16,545,415</b>	<b>41,785,130</b>