

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. 89
(FILING DECEMBER 31, 2008
FINANCIAL STATEMENTS AND FOR
ORDER APPROVING SAME)**

Ann M. Frohman, Liquidator ("Liquidator") of Amwest Surety Insurance Company ("Amwest"), files herewith December 31, 2008 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, 2008 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.

LANCASTER COUNTY
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CLERK OF THE
DISTRICT COURT



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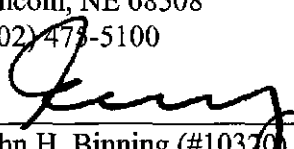
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The Liquidator prays for an Order approving the financial statements.

DATED: February 25, 2009.

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

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

	June 7, 2001 to Dec. 31, 2001	2002	2003	2004	2005	2006	2007	2008	June 7, 2001 to December 31, 2008
Receipts:									
Fee income	5,908,648	2,927,553	2,265,913	918,510	492,609	65,061	2,240	75	12,580,609
Net reinsurance transactions	8,472,307.00	811,652.08	660.72	553.06	8,597,754.00	-	-	1,327,268	19,210,195
Indemnity recoveries	1,550,876.00	2,306,761.61	1,952,825.86	1,773,178.33	1,282,355.43	2,086,145	1,163,320	1,496,650	13,591,912
Contract fund recoveries	2,413,209.00	968,643.23	982,110.10	1,877,368.07	0.00	-	24,297	540,979	6,806,606
Collateral recoveries	884,770.00	516,580.37	2,664,738.07	574,933.51	96,794.25	-	-	258,904	4,996,721
Interest income	1,065,647.00	1,768,730.46	1,261,975.05	902,606.95	1,237,934.08	1,598,635	2,182,661	1,094,715	11,112,904
Agents balances	2,697,471.00	856,084.81	557,774.85	252,494.05	47,471.09	4,781	3,251	-	4,419,327
Settlements and Preferences	11,557.97	512,584.12	2,822,244.07	1,389,383.31	4,834,989.43	1,303,865	-	3,931,994 ⁽¹⁾	14,806,597
Administrative reimbursement	34,380.53	37,373.43	48,183.16	64,152.74	67,861.77	4,906	30,000	-	286,858
Miscellaneous	216,735.19	234,754.57	485,615.62	802,267.64	25,084.76	31,136	495,640	146,720	2,437,954
Total cash receipts	23,255,602	10,940,698	13,041,841	8,555,448	16,682,853	5,074,528	3,901,409	8,797,304	90,249,682
Disbursements:									
Net operating costs	(5,311,170)	(5,764,722)	(3,552,957)	(3,512,098)	(2,593,868)	(2,426,710)	(1,359,283)	(1,021,651)	(25,542,458)
Payroll and related costs	(3,887,478)	(3,532,631)	(2,021,528)	(1,209,464)	(826,772)	(320,215)	(206,046)	(262,063)	(12,266,197)
Loss and LAE payments	(566,913)	(3,066,781)	(2,957,017)	(2,061,946)	(1,631,732)	(1,758,245)	(807,065)	(12,960,170) ⁽²⁾	(25,809,868)
Early Access Payments							(2,860,461)	-	(2,860,461)
Net Bail Exchange Transactions	(67,468)	(73,342)	9,906	617,961	(651,526)	-	-	-	(164,470)
Total cash disbursements	(9,833,029)	(12,437,476)	(8,521,596)	(6,165,547)	(5,703,898)	(4,505,170)	(5,232,855)	(14,243,884)	(66,643,454)
Net operating cash flows	13,422,573	(1,496,778)	4,520,245	2,389,901	10,978,955	569,358	(1,331,446)	(5,446,579)	23,606,228
Other cash flows:									
Release of encumbered assets	-	500,500	1,477,550	254,948	647,140	432,476	-	463,871	3,776,484
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
Fiduciary Funds Paid to FWIC								(1,822,403)	
Net Cash Collateral Transactions	(4,033,085)	(4,384,177)	(6,858,466)	(841,549)	(128,046)	(14,313)	(4,539,471)	(1,499,534)	(22,298,646)
Total other cash flows	(13,386,182)	11,620,841	(658,269)	(6,241,503)	(7,057,128)	10,577,702	17,876,861	(2,858,066)	11,696,659
Net cash Flows	36,391	10,124,063	3,861,976	(3,851,603)	3,921,828	11,147,061	16,545,415	(8,304,646)	35,302,887

(1) Includes \$3.2 mil in net D&O settlement proceeds

(2) Includes \$12 mil in initial class 3 claims distributions

EXHIBIT A
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