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**MONTANA FIRST JUDICIAL DISTRICT COURT  
LEWIS AND CLARK COUNTY**

<b>IN THE MATTER OF THE LIQUIDATION OF AVIATION ALLIANCE INSURANCE COMPANY, INC., a Special Purpose Captive Insurance Company,  Respondent.</b>	<b>Cause No. DDV 2021-1016  LIQUIDATOR'S ACCOUNTING</b>
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COMES NOW the Montana State Auditor, Commissioner of Securities and Insurance (Commissioner), in his role as the Court-ordered liquidator pursuant to section 33-2-1342, MCA, and submits the following accounting.

On October 12, 2021, the Court found Respondent Aviation Alliance Insurance Company, Inc. insolvent and ordered liquidation proceedings commenced. The Court also ordered the Commissioner to file with the Court a semi-annual accounting of Respondent's assets, liabilities, and all funds received or disbursed by the liquidator during the reporting period. On November 22, 2021, pursuant to his

authority under section 33-2-1345(1)(a), the Commissioner appointed Michael J. FitzGibbons as Special Deputy Litigator and filed Notice of such with the Court.

Pursuant to the Court's Order dated October 12, 2021, and his accounting obligations under section 33-2-1342(5), MCA, the Commissioner submits the attached Accounting, which is an excerpt from the full status report to the Commissioner by the Special Deputy Liquidator. (Exhibit A).

Respectfully submitted this 23<sup>rd</sup> day of March 2022.



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Andrew J. Cziok  
Attorney for Petitioner

**Aviation Alliance Insurance Company, Inc., in Liquidation**  
**Balance Sheet**  
**December 31, 2020 and 2021**

	<b>December 31,</b>	
	<b>2020</b>	<b>2021</b>
<b>Assets</b>		
Cash and cash equivalents	259,295	126,098
Total cash and investments	259,295	126,098
 <b>Total assets</b>	 <b>259,295</b>	 <b>126,098</b>
<b>Liabilities</b>		
Loss and loss adjustment expense reserves	54,260	44,663
Premium tax	5,000	3,333
Other expenses	75	9,628
<b>Total liabilities</b>	<b>59,335</b>	<b>57,625</b>
 <b>Capital and Surplus (Deficit)</b>		
Common stock, contributed surplus and surplus no	1,652,540	1,652,540
Unassigned funds	(1,452,580)	(1,584,066)
<b>Total policyholders surplus (deficit)</b>	<b>199,960</b>	<b>68,474</b>
 <b>Total liabilities and surplus</b>	 <b>259,295</b>	 <b>126,098</b>

**Aviation Alliance Insurance Company, Inc., in Liquidation**  
**Income Statement**  
**Years Ended December 31, 2020 and 2021**

	Years Ended December 31,	
	2020	2021
<b>Income</b>		
Interest income	-	14
Other income	-	-
<b>Total Income</b>	<u>-</u>	<u>14</u>
<b>Expenses</b>		
Loss and LAE incurred	44,859	112,945
Underwriting expenses incurred	13,725	18,556
<b>Total Expenses</b>	<u>58,583</u>	<u>131,500</u>
<b>Income (Loss) Before Taxes</b>	<u>(58,583)</u>	<u>(131,486)</u>
Income Taxes Expense (Benefit)	-	-
<b>Net Income (Loss)</b>	<u><u>(58,583)</u></u>	<u><u>(131,486)</u></u>
 <b>Beginning Net Worth</b>	 <b>258,543</b>	 <b>199,960</b>
Net Income (Loss)	(58,583)	(131,486)
Paid in Surplus	-	-
Change in net unrealized capital gains (losses)	-	-
<b>Ending Net Worth</b>	<u><u>199,960</u></u>	<u><u>68,474</u></u>

**Aviation Alliance Insurance Company, Inc., in Liquidation**  
**Statement of Cash Receipts and Disbursements**  
**October 12, 2021 to December 31, 2021**

	<b><u>10-12 to 10-31</u></b>	<b><u>November</u></b>	<b><u>December</u></b>	<b><u>2021 YTD</u></b>
<b>Beginning cash and cash equivalents</b>	126,267	126,259	126,250	126,267
<b>Receipts</b>				
Interest Income	-	-	14	14
Other	-	-	77	77
<b>Total receipts</b>	<u>-</u>	<u>-</u>	<u>91</u>	<u>91</u>
<b>Disbursements</b>				
Loss and loss adjustment expenses	-	-	-	-
Special Deputy Liquidator	-	-	-	-
Professional fees	-	-	-	-
Rent, rent items and utilities	-	-	-	-
Labor	-	-	-	-
Offices supplies, postage and printing	-	-	-	-
Bank Charges	8	9	-	17
Other	-	-	243	243
<b>Total disbursements</b>	<u>8</u>	<u>9</u>	<u>243</u>	<u>260</u>
<b>Net cash flows</b>	<u>(8)</u>	<u>(9)</u>	<u>(152)</u>	<u>(169)</u>
<b>Ending cash and cash equivalents</b>	<u><u>126,259</u></u>	<u><u>126,250</u></u>	<u><u>126,098</u></u>	<u><u>126,098</u></u>