

STATE OF ARIZONA
STATEMENT OF CASH FLOWS
 COMPONENT UNIT
 STATE COMPENSATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 1998
 (Reported on Statutory Basis of Accounting)
 (Expressed in Thousands)

	NON-GAAP BASIS
Premiums collected net of reinsurance	\$ 213,121
Loss and loss adjustment expenses paid	(180,850)
Underwriting expenses paid	(24,697)
Cash from underwriting	7,574
Investment income	95,344
Other expense	(527)
Dividends paid to policyholders	(73,290)
Net cash from operations	29,101
Proceeds from investments sold, matured or repaid:	
Equity securities	211,785
Bonds and certificates	312,516
Mortgage loans	8,090
Total investment proceeds	532,391
Change in NCCI pool liability	(1,406)
Other sources	621
Total cash from underwriting, operations and other sources	560,707
Cost of investments acquired:	
Equity securities	(239,422)
Bonds and certificates	(296,024)
Real estate	(169)
Mortgage loans	(18,152)
Total cash applied for investments acquired	(553,767)
Net Increase in Cash and Cash Equivalents	6,940
Cash and Cash Equivalents - Beginning	24,370
Cash and Cash Equivalents - Ending	\$ 31,310

**RECONCILIATION OF CASH AND CASH EQUIVALENTS
 TO THE COMBINED BALANCE SHEET**

Cash and Cash Equivalents - Ending	\$ 31,310
Long-term investments	2,104,375
Cash and Investments of Combined Balance Sheet	\$ 2,135,685

The Notes to the Financial Statements are an integral part of this statement.