

# MAINE STATE LEGISLATURE

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# MAINE INSURANCE GUARANTY ASSOCIATION

*One Bowdoin Square  
Boston, MA 02114-2916  
(617) 227-7020 (800) 852-2003  
Accounting and Administration Departments Fax: (617) 227-8903  
Claim Department Fax: (617) 305-0001*

## **Via Certified Mail/Return Receipt Requested**

March 1, 2010

The Honorable Mila Kofman  
Superintendent of Insurance  
Maine Bureau of Insurance  
State House Station 34  
Augusta, ME 04333

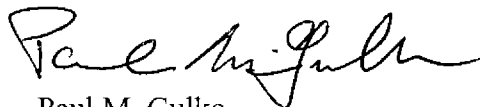
Re: Maine Insurance Guaranty Association (the "Association")  
Annual Report of the Association for the Year Ending December 31, 2009

Dear Superintendent Kofman:

Pursuant to the Association Act, enclosed herewith for filing please find duly executed original Annual Report of the Association for the year ending December 31, 2009.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,



Paul M. Gulko  
Executive Secretary

Enclosure

cc: The Board of Directors of the Association

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March 1, 2010

To: THE SUPERINTENDENT OF INSURANCE (the "Superintendent") AND  
THE MEMBER INSURERS OF THE MAINE INSURANCE GUARANTY  
ASSOCIATION (the "Association")

Re: The Annual Report of the Association for the Year ending December 31, 2009

During 2009, there were no new insolvencies reported to the Association. The Board of Directors of the Association (the "Board") continued to monitor existing insolvencies and potential insolvencies.

The Board held meetings on April 30, 2009 and June 15, 2009. The purpose of the meetings was to review the consequences of the amendments to 24-A M.R.S.A. s.4437 regarding the Board of Directors membership, and related necessary changes to the Plan of Operation. As a result of this law, one Director, whose company no longer qualified for a seat on the Board of Directors, resigned and the Board voted to replace that member with Patriot Insurance Company.

On September 14, 2009, the Board began its Annual Meeting, which was later adjourned to October 26, 2009 in Richmond, Virginia, in conjunction with other meetings of the member guaranty associations of Guaranty Fund Management Services<sup>®</sup> ("GFMS<sup>®</sup>") and its committees. Timothy Vernon, Priscilla Lenkowski, Paul Gulko, James Winskowicz, and Kathleen Lavin, were elected Chairman, Vice Chairman, Executive Secretary, Claims Manager and Treasurer, respectively, of the Association.

The Board received and considered the report of the Executive Secretary regarding the ballots transmitted by the member insurers with instructions to vote in favor of the following nominees as Directors: Patrons Oxford Insurance Company, Travelers Indemnity Company and Liberty Mutual Insurance Company. The Chairman then directed the Executive Secretary to cast one vote for the election of the nominees as Directors for a three-year term, expiring in 2012.

The Board received and considered reports concerning claims and recoveries from receivers, respectively.

The Board also reviewed the financial condition of the Association and its operating expenses and covered claim costs, in order to determine whether an assessment or a

refund of prior assessments would be appropriate. The Board thereupon voted the following assessment and refunds be made:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
WC Residual Market			\$ 1,715,249
	\$ 0	\$ 0	\$ 1,715,249
<b>Total Assessment</b>	<b>\$ 1,715,249</b>		

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Ambassador Insurance Company	(\$165,866)	(\$395,578)	
	(\$ 165,866)	(\$395,578)	\$0
<b>Total Refund</b>		(\$ 561,444)	
<b>Net Assessment</b>	<b>\$ 1,153,805</b>		

Upon recommendation of the Treasurer, the Board further voted to **CLOSE** the **Amwest Surety** and **Ambassador** insolvencies.

The member insurers serving on the Board and their designated representatives as of December 31, 2009 are:

MMG INSURANCE COMPANY	Timothy Vernon
LIBERTY MUTUAL INSURANCE COMPANY	Priscilla Lenkowski
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
ONEBEACON AMERICA INSURANCE COMPANY	Virginia McCarthy
TRAVELERS INDEMNITY COMPANY	David Fleming
PATRIOT INSURANCE COMPANY	Lincoln Merrill
PATRONS OXFORD INSURANCE COMPANY	Walter Smythe

The Statement of Account of the Association, from inception through December 31, 2009, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the  
MAINE INSURANCE  
GUARANTY ASSOCIATION

By its Chairman



Timothy Vernon

MAINE INSURANCE GUARANTY ASSOCIATION  
Balance Sheet  
December 31, 2009

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$4,098,289.77
Investments	<u>28,591,779.40</u>
Total Assets	<u>\$32,690,069.17</u>
Fund Balance	<u>\$32,690,069.17</u>

Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2009  
Total All Insolvencies

	<u>Year To Date</u>	<u>Inception To Date</u>
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$6,661.96	\$130,675.73
Member Assessment	1,716,489.00	84,083,744.00
Member Assessment Special	4,047.00	37,839,039.00
Loan	0.00	2,500,000.00
Interaccount Special Transfer	4,051.00	30,223,276.00
Recovery	1,679,203.39	94,390,833.53
Interest Income	913,479.30	16,402,165.85
	<u>4,323,931.65</u>	<u>265,569,734.11</u>
<b>DISBURSEMENTS:</b>		
Claims Paid	1,503,977.16	122,661,034.56
Helmnsman Claims Paid	630,343.71	43,068,986.62
Claims Expense Paid	55,869.55	5,435,044.35
Helmnsman Claims Expense Paid	5,461.63	3,162,579.50
Premium Refund	0.00	1,075,965.28
Member Refund	544,980.00	11,173,275.00
Member Refund Special	0.00	7,615,763.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	0.00	30,077.28
G.F.M.S.	277,642.30	4,156,888.37
Legal & Audit	84,049.96	750,325.48
Travel	13,885.55	131,259.42
NCIGF Fee	0.00	280,346.55
Insurance	3,360.00	10,239.00
Other	3,084.67	205,349.93
Administrative Expense	6,661.96	120,382.30
Interest	0.00	278,872.30
Loan	0.00	2,500,000.00
Interaccount Special Transfer	4,051.00	30,223,276.00
	<u>392,735.44</u>	<u>38,687,016.63</u>
<b>Total Operating Expenses</b>	<u>392,735.44</u>	<u>38,687,016.63</u>
<b>Total Disbursements</b>	<u>3,133,367.49</u>	<u>232,879,664.94</u>
<b>Funds Available</b>	<u>\$1,190,564.16</u>	<u>\$32,690,069.17</u>

**Maine Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2009**  
**Total All Insolvencies**

	Year To Date	Inception To Date
<b>Reserves:</b>		
Claims Liability Auto		\$50,000.00
Claims Expense Liability Auto		5,992.65
Subtotal Auto		55,992.65
Claims Liability Other		0.00
Claims Expense Liability Other		0.00
Unearned Premium Liability Other		10,196.00
Subtotal Other		10,196.00
Claims Liability Workers		32,466,586.40
Claims Expense Liability Workers		414,219.90
Subtotal Workers		32,880,806.30
<b>Total Reserves</b>		<b>\$32,946,994.95</b>
<b>Funds Available Per Account</b>		
Auto		\$397,848.01
Other		1,787,461.17
Workers		30,386,674.42
<b>Total</b>		<b>\$32,571,983.60</b>