

# 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, 2011

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, 2010

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, 2010.

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, 2011

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, 2010

During 2010, there were two new insolvencies reported to the Association. On June 3, 2010, the Board of Directors of the Association (the "Board") voted to accept the insolvency of Imperial Casualty and Indemnity Company, which had been declared insolvent by the State of Oklahoma, and on October 18, 2010 the Board voted to accept the insolvency of The Insurance Corporation of New York, which had been declared insolvent in the State of New York. As to both insolvencies, the Board decided that the administration of the insolvencies would be provided by Guaranty Fund Management Services<sup>®</sup> ("GFMS<sup>®</sup>"). The Board also continued to monitor existing insolvencies and potential insolvencies.

On October 18, 2010, the Board held its Annual Meeting in Chatham, Massachusetts, in conjunction with other meetings of the member guaranty associations of GFMS 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: Metropolitan Property and Casualty Insurance Company and OneBeacon America 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 2013.

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

The Board received a report regarding the Market Conduct Examination conducted by the Bureau of Insurance in 2010. The report indicated that for the examination period of July 1, 2008 through June 30, 2009, the Association was in substantial compliance with respect to its claims handling. In addition, the Association agreed to implement the

recommendations of the Bureau regarding operations within the Association, including the creation of a complaint log and a written data security protection procedure.

The Board considered and adopted a Conflict of Interest Policy.

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			\$ 1,534,515
	\$ 0	\$ 0	\$ 1,534,515
<b>Total Assessment</b>	<b>\$ 1,534,515</b>		

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Transit Casualty Insurance Co.		(\$29,027)	
	\$ 0	(\$29,027)	\$ 0
<b>Total Refund</b>		(\$29,027)	
<b>Net Assessment</b>	<b>\$ 1,505,488</b>		

Upon recommendation of the Treasurer, the Board further voted to **CLOSE** the **Transit Casualty** insolvency.

The member insurers serving on the Board and their designated representatives as of December 31, 2010 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

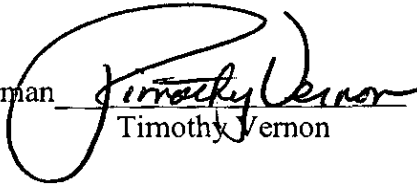
Walter Smythe

The Statement of Account of the Association, from inception through December 31, 2010, 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  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2010  
Total All Insolvencies

	Year To Date	Inception To Date
<b>Reserves:</b>		
Claims Liability Auto		\$0.00
Claims Expense Liability Auto		<u>0.00</u>
Subtotal Auto		<u>0.00</u>
Unearned Premium Liability Other		<u>0.00</u>
Subtotal Other		<u>0.00</u>
Claims Liability Workers		31,025,176.00
Claims Expense Liability Workers		<u>427,479.10</u>
Subtotal Workers		<u>31,452,655.10</u>
Total Reserves		<u><u>\$31,452,655.10</u></u>
<b>Funds Available Per Account:</b>		
Auto		\$803,338.56
Other		3,679,419.73
Workers		<u>32,479,254.26</u>
Total		<u><u>\$36,962,012.55</u></u>

Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2010  
Total All Insolvencies

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment - Administrative	\$24,750.59	\$155,426.32
Member Assessment	1,534,530.00	85,618,274.00
Member Assessment - Special	27,648.00	37,866,687.00
Loan	0.00	2,500,000.00
Interaccount Special Transfer	27,648.00	30,250,924.00
Recovery	4,729,270.44	99,120,103.97
Interest Income	796,739.01	17,198,904.86
<b>Total Receipts</b>	<b>7,140,586.04</b>	<b>272,710,320.15</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	1,090,117.43	123,751,151.99
Helmsman Claims Paid	1,098,960.99	44,167,947.61
Claims Expense Paid	23,610.29	5,458,654.64
Helmsman Claims Expense Paid	8,562.07	3,171,141.57
Premium Refund	0.00	1,075,965.28
Member Refund	28,844.00	11,202,119.00
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.	303,268.54	4,460,156.91
Legal & Audit	55,564.45	805,889.93
Travel	12,781.72	144,041.14
NCIGF Fee	30,588.00	310,934.55
Insurance	3,454.00	13,693.00
Other	15,726.66	221,076.59
Administrative Expense	24,756.97	145,139.27
Interest	0.00	278,872.30
Loan	0.00	2,500,000.00
Interaccount Special Transfer	27,648.00	30,250,924.00
<b>Total Operating Expenses</b>	<b>473,788.34</b>	<b>39,160,804.97</b>
<b>Total Disbursements</b>	<b>2,723,883.12</b>	<b>235,603,548.06</b>
<b>Funds Available</b>	<b>\$4,416,702.92</b>	<b>\$37,106,772.09</b>

MAINE INSURANCE GUARANTY ASSOCIATION  
Balance Sheet  
December 31, 2010

Inception  
To Date

Assets:

Checking & Short-Term Cash

\$3,231,642.68

Investments

33,875,129.41

Total Assets

\$37,106,772.09

Fund Balance

\$37,106,772.09