

# 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 18, 2013

The Honorable Eric Cioppa, Superintendent  
Maine Bureau of Insurance  
State House Station 34  
Augusta, ME 04333

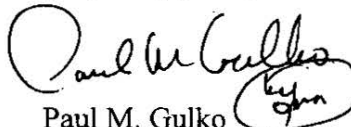
Re: Maine Insurance Guaranty Association (the "Association")  
Annual Report of the Association for the Year Ending December 31, 2012

Dear Superintendent Cioppa:

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, 2012.

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 18, 2013

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, 2012.

During 2012, there were no insolvencies submitted to the Board of Directors for action. The Board did, however, continue to monitor existing insolvencies and potential insolvencies.

The Board of Directors approved a settlement between the Association and American International Group, Inc. ("AIG") related to the underreporting of worker's compensation premiums by AIG.

On October 22, 2012, the Board held its Annual Meeting in New Castle, New Hampshire, in conjunction with other meetings of the member guaranty associations of Guaranty Fund Management Services® ("GFMS®") and its committees. Timothy Vernon, Priscilla Lenkowski, Paul Gulko, James Winskowicz, and Kathleen Lavin, were elected Chair, Vice Chair, 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: Liberty Mutual Insurance Company, Patrons Oxford Insurance Company and Travelers Insurance Company. The Chair then directed the Executive Secretary to cast one vote for the election of the nominees as Directors for a three-year term, expiring in 2015.

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

The Board reviewed the process by which assessments are levied upon member insurers. The Board voted to defer a decision regarding whether an assessment/refund was warranted until a later time, pending further information from the Treasurer.

In a subsequent meeting, the Board reviewed the information provided by the Treasurer, as well as 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 be made:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
WC Residual Market			\$ 1,673,288
	\$ 0	\$ 0	\$ 1,673,288
<u>Total Assessment</u>		<u>\$ 1,673,288</u>	

Upon recommendation of the Treasurer, the Board further voted to **CLOSE** the **Midland Insurance Company** insolvency.

The member insurers serving on the Board and their designated representatives as of December 31, 2012 are:

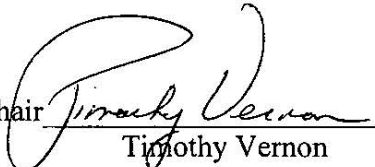
MMG INSURANCE COMPANY	Timothy Vernon
LIBERTY MUTUAL INSURANCE COMPANY	Priscilla Lenkowski
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
ONE BEACON AMERICA INSURANCE COMPANY	Virginia McCarthy
TRAVELERS INDEMNITY COMPANY	David Fleming
PATRIOT INSURANCE COMPANY	Lincoln Merrill
PATRONS OXFORD INSURANCE COMPANY	Mark Pettingill

The Statement of Account of the Association, from inception through December 31, 2012, 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 Chair

  
Timothy Vernon

**MAINE INSURANCE GUARANTY ASSOCIATION**

**Balance Sheet  
December 31, 2012**

	<b>Inception To Date</b>
	<hr/>
<b>Assets:</b>	
<b>Checking &amp; Short-Term Cash</b>	<b>\$2,251,077.01</b>
<b>Investments</b>	<b>35,962,355.26</b>
<b>Total Assets</b>	<b><u>\$38,213,432.27</u></b>
<b>Fund Balance</b>	<b><u>\$38,213,432.27</u></b>

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**Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2012  
Total All Insolvencies**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$51,520.26	\$206,913.58
Member Assessment	1,522,450.00	88,595,363.00
Member Assessment Special	-	37,875,471.00
Loan	-	2,500,000.00
Interaccount Special Transfer	-	30,259,708.00
Recovery	3,879,506.49	106,095,693.87
Interest Income	827,557.00	18,786,398.05
<b>Total Receipts</b>	<b>6,281,033.75</b>	<b>284,319,547.50</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	3,395,743.94	127,985,889.27
Helmsman Claims Paid	245,670.77	44,876,379.06
Claims Expense Paid	61,758.06	5,549,357.22
Helmsman Claims Expense Paid	5,806.18	3,186,321.55
Premium Refund	-	1,075,965.28
Member Refund	-	16,173,663.00
Member Refund Special	-	7,615,763.00
Operating Expenses:		
Service Fee - ISO, Etc.	-	30,077.28
G.F.M.S.	227,727.53	4,761,326.32
Legal & Audit	(7,987.85)	820,452.90
Travel	9,651.49	165,016.31
NCIGF Fee	-	378,303.55
Insurance	3,457.00	20,590.00
Other	5,462.17	231,803.66
Administrative Expense	51,520.26	196,626.53
Interest	-	278,872.30
Loan	-	2,500,000.00
Interaccount Special Transfer	-	30,259,708.00
<b>Total Operating Expenses</b>	<b>289,830.60</b>	<b>39,642,776.85</b>
<b>Total Disbursements</b>	<b>3,998,809.55</b>	<b>246,106,115.23</b>
<b>Funds Available</b>	<b>\$2,282,224.20</b>	<b>\$38,213,432.27</b>

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**Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2012  
Total All Insolvencies**

	<u>Year To Date</u>	<u>Inception To Date</u>
<b>Reserves:</b>		
Claims Liability Auto		-
Claims Expense Liability Auto		-
Subtotal Auto		-
Claims Liability Other		105,624.00
Claims Expense Liability Other		61,574.34
Unearned Premium Liability Other		-
Subtotal Other		167,198.34
Claims Liability Workers		28,965,767.13
Claims Expense Liability Workers		393,336.54
Subtotal Workers		29,359,103.67
<b>Total Reserves</b>		<b>\$29,526,302.01</b>
<b>Funds Available Per Account</b>		
Auto		\$142,049.98
Other		325,398.89
Workers		37,546,737.58
<b>Total</b>		<b>\$38,014,186.45</b>

**Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2012  
Administrative**

	<u>Year To Date</u>	<u>Inception To Date</u>
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$51,520.26	\$206,242.11
Total Receipts	<u>51,520.26</u>	<u>206,242.11</u>
<b>DISBURSEMENTS:</b>		
Operating Expenses:		
Other	1,000.00	1,000.00
Administrative Expense	-	5,996.29
Total Operating Expenses	<u>1,000.00</u>	<u>6,996.29</u>
Total Disbursements	<u>1,000.00</u>	<u>6,996.29</u>
Funds Available	<u>\$50,520.26</u>	<u>\$199,245.82</u>
Reserves:		
Total Reserves		-
Funds Available Per Account		
Auto		-
Other		-
Workers		-
Total		<u>-</u>