

# 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, 2018

The Honorable Eric Cioppa, Superintendent  
Maine Bureau of Insurance  
State House Station 34  
Augusta, ME 04333-0034

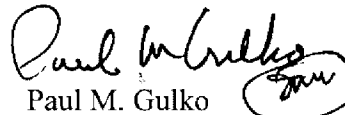
Re: Maine Insurance Guaranty Association (the "Association")  
Annual Report of the Association for the Year Ending December 31, 2017

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, 2017.

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, 2018

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, 2017

During 2017, there were two new insolvencies submitted to the Board of Directors for action. On April 3, 2018, the Board of Directors of the Association (the "Board") met and voted to accept the insolvency of CastlePoint National Insurance Company, which had been declared insolvent by the State of California. CastlePoint is the successor company formed by merger of the following Tower Group of companies:

Tower Insurance Company of New York  
Tower National Insurance Company  
CastlePoint Florida Insurance Company  
York Insurance Company of Maine  
Massachusetts Homeland Insurance Company  
Hermitage Insurance Company  
North East Insurance Company  
Preserver Insurance Company  
CastlePoint Insurance Company

On December 5, 2017, the Board met and voted to accept the insolvency of Guarantee Insurance Company, which had been declared insolvent by the State of Florida.

The Board decided that the administration of this insolvency would be provided by Guaranty Fund Management Services® ("GFMS®").

On October 13, 2017, the Board held its Annual Meeting in Alexandria, Virginia, 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, Dawne Mills, and Kathleen Lavin, were elected Chair, Vice Chair, Executive Secretary, Claims Manager and Treasurer, respectively, of the Association. In addition, the Board discussed and/or voted the following items:

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: MMG Insurance Company and Patriot 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 2020.

The Plan of Operation was reviewed and the Board concluded that no amendments thereto were recommended at this time.

The Board reviewed the existing contract with GFMS and determined no changes were necessary.

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

The Board then 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 determined that neither an assessment nor a refund was warranted at the time.

The member insurers serving on the Board and their designated representatives as of December 31, 2017 are:

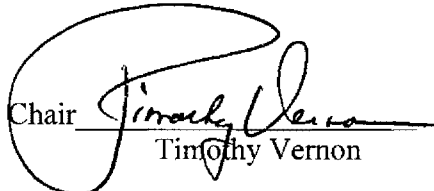
MMG INSURANCE COMPANY	Timothy Vernon
LIBERTY MUTUAL INSURANCE COMPANY	Priscilla Lenkowski
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
TRAVELERS INDEMNITY COMPANY	David Fleming
PATRIOT INSURANCE COMPANY	Lincoln Merrill
PATRONS OXFORD INSURANCE COMPANY	Mark Pettingill
VERMONT MUTUAL INSURANCE COMPANY	Brian Eagan

The Statement of Account of the Association, from inception through December 31, 2017, 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, 2017**  
**Inception**  
**To Date**

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**Assets:**

<b>Checking &amp; Short-Term Cash</b>	<b>\$2,429,784.16</b>
<b>Investments</b>	<b>30,920,439.40</b>

<b>Total Assets</b>	<b>\$33,350,223.56</b>
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<b>Fund Balance</b>	<b>\$33,350,223.56</b>
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**Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2017  
Total All Insolvencies**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	(\$2,883.76)	5205,429.58
Member Assessment	-	91,991,001.00
Member Assessment Special	-	37,890,048.00
Loan	-	2,500,000.00
Interaccount Special Transfer	-	30,274,285.00
Recovery	2,344,559.37	113,139,561.66
Interest Income	386,246.58	20,544,481.37
<b>Total Receipts</b>	<b>2,727,922.19</b>	<b>296,544,806.61</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	1,745,394.44	138,484,054.07
Third-Party Administrator Claims Paid	168,430.16	45,797,739.57
Claims Expense Paid	237,749.62	6,251,823.78
Third-Party Administrator Claims Expense Paid	321.06	3,191,123.45
Premium Refund	-	1,079,279.32
<b>Member Refund</b>	<b>-</b>	<b>19,516,972.00</b>
Member Refund Special	-	7,615,763.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	30,077.28
G.F.M.S.	255,090.86	5,959,742.49
Legal & Audit	21,776.60	913,738.17
Travel	12,762.39	233,365.50
NCIGF Fee	42,652.00	565,381.55
Insurance	6,000.00	48,570.00
Other	4,363.70	257,169.04
Administrative Expense	-	196,626.53
Interest	-	278,872.30
Loan	-	2,500,000.00
Interaccount Special Transfer	-	30,274,285.00
<b>Total Operating Expenses</b>	<b>342,645.55</b>	<b>41,257,827.86</b>
<b>Total Disbursements</b>	<b>2,494,540.83</b>	<b>263,194,583.05</b>
<b>Funds Available</b>	<b>\$233,381.36</b>	<b>\$33,350,223.56</b>
<b>Reserves:</b>		
Claims Liability Auto		725,494.00
Claims Expense Liability Auto		143,291.07
Subtotal Auto		868,785.07
Claims Liability Other		144,376.00
Claims Expense Liability Other		43,642.10
Subtotal Other		188,018.10
Claims Liability Workers		24,561,561.06
Claims Expense Liability Workers		468,472.46
Subtotal Workers		25,030,033.52

**Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2017  
Total All Insolvencies**

	<b>Year To Date</b>	<b>Inception To Date</b>
<b>Total Reserves</b>		<b>\$26,086,836.69</b>
<b>Funds Available Per Account</b>		
<b>Auto</b>		<b>(\$190,799.24)</b>
<b>Other</b>		<b>(319,456.10)</b>
<b>Workers</b>		<b>33,678,402.71</b>
<b>Total</b>		<b>\$33,168,147.37</b>

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**Maine Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2017**  
**Consolidated Statement of Closed Insolvencies**  
**Inception**  
**To Date**

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**RECEIPTS:**

Member Assessment Administrative	\$17,955,804.02
Member Assessment	31,793,513.00
Member Assessment Special	24,081,290.00
Interaccount Special Transfer	24,081,290.00
Recovery	9,407,907.57
Interest Income	916,882.24
<b>Total Receipts</b>	<b>108,236,686.83</b>

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**DISBURSEMENTS:**

Claims Paid	70,219,023.60
Third-Party Administrator Claims Paid	973,613.76
Claims Expense Paid	2,476,787.38
Third-Party Administrator Claims Expense Paid	141,322.95
Premium Refund	338,862.92
 Member Refund	 8,602,210.00
 <b>Operating Expenses:</b>	
Service Fee - ISO, Etc.	30,077.28
G.F.M.S.	787,548.39
Legal & Audit	201,130.57
Travel	49,575.09
NCIGF Fee	72,984.24
Other	71,630.41
Administrative Expense	190,630.24
Interaccount Special Transfer	24,081,290.00
<b>Total Operating Expenses</b>	<b>25,484,866.22</b>
 <b>Total Disbursements</b>	 <b>108,236,686.83</b>
 <b>Funds Available</b>	 <b>-</b>

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**Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2017**

	Administrative Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	(\$711,883.13)	(\$18,149,300.37)
Interest Income	-	5,899.78
<b>Total Receipts</b>	<b>(711,883.13)</b>	<b>(18,143,400.59)</b>
<b>DISBURSEMENTS:</b>		
<b>Operating Expenses:</b>		
G.F.M.S.	15,685.63	15,685.63
Other	-	1,000.00
Administrative Expense	-	5,996.29
<b>Total Operating Expenses</b>	<b>15,685.63</b>	<b>22,681.92</b>
<b>Total Disbursements</b>	<b>15,685.63</b>	<b>22,681.92</b>
<b>Funds Available</b>	<b>(\$727,568.76)</b>	<b>(\$18,166,082.51)</b>
<b>Reserves:</b>		
<b>Total Reserves</b>		-
<b>Funds Available Per Account</b>		
Auto		\$24,487.80
Other		(268,290.00)
Workers		(18,104,356.50)
<b>Total</b>		<b>(\$18,348,158.70)</b>

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