

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 25, 2019

The Honorable Eric Cioppa
Superintendent of Insurance
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, 2018

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, 2018.

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

Very truly yours,



Barbara Petersen Law
Executive Secretary

Enclosure

cc: The Board of Directors of the Association

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March 22, 2019

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, 2018

The Maine Insurance Guaranty Association (the "Association") hereby submits its
Annual Report for calendar year 2018.

Membership

The membership of the Association is comprised of insurers licensed to transact
business in the State that write business to which the Association's enabling Act applies.
See, Me. Rev. Stat. Tit. 24-A, §4431, et seq.

In 2018, the following insurers became member insurers of the Association:

Third Coast Insurance Company
Associated Employers Insurance Company
SFM Mutual Insurance Company
Liberty Mutual Personal Insurance Company
New Hampshire Employers Insurance Company
Kingstone Insurance Company
MEMIC Casualty Company
West Bend Mutual Insurance Company
MMIC Insurance Inc.
Peak Property & Casualty Insurance Corporation
Work First Casualty Company
Commercial Casualty Insurance Company
Ismie Mutual Insurance Company
Clermont Insurance Company
Associated Industries of MA Mutual Insurance Company

The following members withdrew:

Hingham Mutual Fire Insurance Company

AIOI Nissay Dowa Insurance Company of America
Victoria Fire & Casualty Company

Board of Directors

Pursuant to the Association's Plan of Operation, the board of directors consists of seven members, three of which must be domiciled in the state. Directors are elected by the membership and fairly represent the diverse profiles of member insurers.

At the beginning of 2018, the member insurers serving on the Board of Directors (and their designated representatives) were as follows:

MMG Insurance Company (Timothy Vernon, Chair)
Liberty Mutual Insurance Company (Priscilla Lenkowski, Vice Chair)
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 three Board members whose terms were due to expire in 2018 - Liberty Mutual, Travelers, and Patrons Oxford -were re-elected at the annual meeting of the board of directors on October 26, 2018.

Insolvencies

There were no new insolvencies reported to the Association.

Board of Director Meetings

On October 26, 2018, the board held its annual meeting in Boston, Massachusetts. The meeting was held in conjunction with the boards of directors and committee meetings of Guaranty Fund Management Services ("GFMS") and the guaranty associations managed by GFMS. At this meeting, the board:

- Elected officers. Barbara Petersen Law, the new President of GFMS, was elected to serve as Executive Secretary of the Association. Timothy Vernon, Lincoln Merrill, Dawne Mills, and Kathleen Lavin, were elected Chair, Vice Chair, Claims Manager and Treasurer, respectively.
- Reviewed the Plan of Operation.
- Reviewed the outstanding contract with GFMS.

- Received and considered reports concerning claims and recoveries.
- Voted to approve the 2017 audited financial statements presented by the treasurer.¹
- Reviewed assessment capacity, which was the following, per account, based on 2% of 2017 net direct written premiums:

Auto	\$17,534,570
Other	\$19,989,333
Workers' Compensation	\$ 1,511,266

- Reviewed the cash position of the Association, including its operating expenses and covered claim costs.
- Voted to approve an assessment in the amount of \$1,200,000 to be paid into the auto account, and an assessment in the amount of \$600,000 to be paid into the other account.

Claims

As of December 31, 2018, the Association had 81 open claim files, with total reserves of \$25,707,564 in the following lines of business:

Auto	17
Other	4
Workers' Compensation	60

Insolvencies with the largest reserves are Mission Insurance Company (\$9,465,823), Reliance Insurance Company (\$4,916,419), and American Mutual Liability Insurance Company (\$2,928,799).

In 2018, the Association received \$15,634 in large deductible recoveries.

Recoveries from Receivers

The Association pursues recoveries from the assets of insolvent insurers, such as statutory deposits and distributions from receivers. In 2018, the Association recovered \$1,474,082.

¹ The audited financial statements were approved by the Association's audit committee on March 27, 2018.

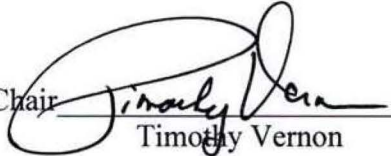
Financial Statements

The statement of account of the Association, from inception and for calendar year 2018, and its balance sheet for the same periods, 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, 2018
Inception
To Date

Assets:

Checking & Short-Term Cash	\$3,342,176.06
Investments	30,735,935.06

Total Assets	\$34,078,111.12
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Fund Balance	\$34,078,111.12
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**Maine Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2018
Total All Insolvencies**

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$767.00	\$206,196.58
Member Assessment	1,633,219.00	93,624,220.00
Member Assessment Special	-	37,890,048.00
Loan	-	2,500,000.00
Interaccount Special Transfer	-	30,274,285.00
Recovery	1,510,827.48	114,650,389.14
Interest Income	465,501.76	21,009,983.13
Total Receipts	3,610,315.24	300,155,121.85
DISBURSEMENTS:		
Claims Paid	2,175,631.92	140,659,685.99
Third-Party Administrator Claims Paid	167,957.92	45,965,697.49
Claims Expense Paid	208,029.68	6,459,853.46
Third-Party Administrator Claims Expense Paid	165.00	3,191,288.45
Premium Refund	-	1,079,279.32
 Member Refund	 185.00	 19,517,157.00
Member Refund Special	-	7,615,763.00
Operating Expenses:		
Service Fee - ISO, Etc.	-	30,077.28
G.F.M.S.	249,446.67	6,209,189.16
Legal & Audit	14,990.50	928,728.67
Travel	11,604.68	244,970.18
NCIGF Fee	43,970.00	609,351.55
Insurance	6,000.00	54,570.00
Other	4,446.31	261,615.35
Administrative Expense	-	196,626.53
Interest	-	278,872.30
Loan	-	2,500,000.00
Interaccount Special Transfer	-	30,274,285.00
Total Operating Expenses	330,458.16	41,588,286.02
 Total Disbursements	 2,882,427.68	 266,077,010.73
 Funds Available	 \$727,887.56	 \$34,078,111.12
Reserves:		
Claims Liability Auto		298,405.00
Claims Expense Liability Auto		67,485.33
 Subtotal Auto		 365,890.33
Claims Liability Other		63,500.00
Claims Expense Liability Other		22,943.40
 Subtotal Other		 86,443.40
Claims Liability Workers		24,847,635.81
Claims Expense Liability Workers		407,594.56
 Subtotal Workers		 25,255,230.37

Maine Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2018
Total All Insolvencies

	Year To Date	Inception To Date
Total Reserves		\$25,707,564.10
Funds Available Per Account		
Auto		\$393,688.65
Other		216,158.34
Workers		33,304,755.20
Total		\$33,914,602.19

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Maine Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2018
Consolidated Statement of Closed Insolvencies
Inception
To Date

RECEIPTS:

Member Assessment Administrative	\$17,948,923.27
Member Assessment	31,794,098.00
Member Assessment Special	24,081,290.00
Interaccount Special Transfer	24,081,290.00
Recovery	9,413,673.82
Interest Income	916,882.24
Total Receipts	108,236,157.33

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	8,602,313.00
Operating Expenses:	
Service Fee - ISO, Etc.	30,077.28
G.F.M.S.	787,548.39
Legal & Audit	200,498.07
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
Total Operating Expenses	25,484,233.72
Total Disbursements	108,236,157.33
Funds Available	-

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**Maine Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2018**

	Administrative Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	(\$6,342.00)	(\$18,155,642.37)
Interest Income	-	5,899.78
Total Receipts	(6,342.00)	(18,149,742.59)
DISBURSEMENTS:		
Operating Expenses:		
G.F.M.S.	19,334.26	35,019.89
Other	-	1,000.00
Administrative Expense	-	5,996.29
Total Operating Expenses	19,334.26	42,016.18
Total Disbursements	19,334.26	42,016.18
Funds Available	(\$25,676.26)	(\$18,191,758.77)
Reserves:		
Total Reserves		-
Funds Available Per Account		
Auto		\$19,566.02
Other		(276,013.28)
Workers		(18,098,820.44)
Total		(\$18,355,267.70)

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