

MASSACHUSETTS INSURERS INSOLVENCY FUND

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March 3, 2008

To: THE COMMISSIONER OF INSURANCE ("the Commissioner") AND
THE MEMBER INSURERS OF THE MASSACHUSETTS INSURERS INSOLVENCY
FUND ("the Fund")

Re: The Annual Report of the Fund for the Year ending December 31, 2007

During 2007, there were no new insolvencies reported to the Fund. The Board of Directors of the Fund ("the Board") continued to monitor existing insolvencies and potential insolvencies.

On October 16, 2007, the Board held its Annual Meeting in Norwich, Connecticut, in conjunction with other meetings of the member insolvency funds of Guaranty Fund Management Services® ("GFMS®") and its committees. Messrs. Ryder, Gulko and Winskowicz, and Ms. Lavin, were re-elected Chairman, Manager, Claims Manager and Treasurer, respectively, of the Fund.

The Board received the report of the Manager regarding the ballots transmitted by the member insurers with instructions to vote in favor of the following nominees as Directors: Holyoke Mutual Insurance Company in Salem, Premier Insurance Company of Massachusetts, and Quincy Mutual Insurance Company. The Chairman thereupon directed the Manager to cast one vote for the nominees as directors for a three-year term, expiring in 2010.

The Board then received and considered reports concerning claims, recoveries from receivers, and unearned premium payments and reserves.

The Board received and considered the report of counsel as to the status of pending litigation involving the Archdiocese of Springfield and coverage formerly provided by the Home Insurance Company.

The Board was also advised that the Massachusetts legislature has adopted M.G.L. C.175D, § 17, which adds a so-called Net Worth provision to the insolvency statute.

The Board was also advised the Massachusetts Supreme Judicial Court had rendered an opinion in Premier Insurance Company v. Massachusetts Insurers Insolvency Fund, which clarifies the law concerning what constitutes an uninsured vehicle for making claims against the fund in certain instances.

The Board also reviewed the financial condition of the Fund and its operating expenses and covered claimed 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 refund of prior assessments be made:

ASSESSMENT**ALL LINES**

Midland Insurance Company	\$7,750,000
Villanova Insurance Company	1,500,000
Casualty Reciprocal Exchange	400,000
Vesta Fire Insurance Corporation	400,000
Shelby Insurance Company	600,000
Shelby Casualty Insurance Company	1,500,000
Total Assessment	\$ 12,150,000

REFUND

American Druggist Insurance Company	(\$30,248)
Abington Mutual Insurance Company	(3,000,000)
American Eagle Insurance Company	(588,052)
Trust Insurance Company	(1,000,000)
New England Fidelity Insurance Company	(12,000,000)
Total Refund	(\$16,618,300)
Net Refund	(\$4,468,300)

The Board was presented with estimates of costs for obtaining Directors and Officers liability insurance coverage. Upon motion duly made and seconded, it was voted to tentatively approve obtaining a policy of Directors and Officers liability insurance for members of the Board, after providing a copy to the Board and obtaining approval of the contents of the policy.

The member insurers, their designated representatives, and the insurance producer representative, serving on the Board as of December 31, 2007, are:

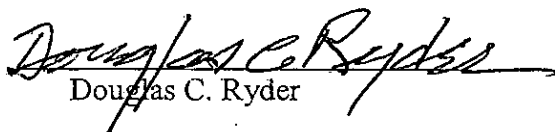
INSURANCE PRODUCER REPRESENTATIVE	Douglas C. Ryder
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
SAFETY INSURANCE COMPANY	William Begley
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM	Diane Choate
PREMIER INSURANCE COMPANY OF MASSACHUSETTS	Susan K. Scott
HANOVER INSURANCE COMPANY	William Cahill
ARBELLA MUTUAL INSURANCE COMPANY	Robert Medwid
QUINCY MUTUAL FIRE INSURANCE COMPANY	James Moran

The Statement of Account of the Fund, from inception through December 31, 2007, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the
MASSACHUSETTS INSURERS
INSOLVENCY FUND

By its Chairman


Douglas C. Ryder