

VERMONT PROPERTY AND CASUALTY 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

Susan Donegan
Deputy Commissioner of Insurance
Vermont Insurance Department
89 Main Street Drawer 200
Montpelier, VT 05620-3101

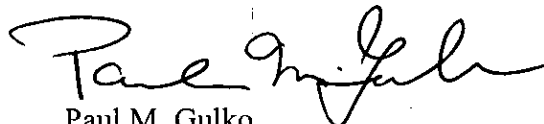
Re: Vermont Property and Casualty Insurance Guaranty Association (the "Association")
Annual Report of the Association for the Year Ending December 31, 2010

Dear Commissioner Donegan:

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 COMMISSIONER OF INSURANCE (the "Commissioner") AND
THE MEMBER INSURERS OF THE VERMONT PROPERTY
AND CASUALTY INSURANCE GUARANTY ASSOCIATION
(the "Association")

Re: The Annual Report of the Association for the Year ending December 31, 2010

During 2010, there were three new insolvencies reported to the Association. On May 26, 2010, the Board of Directors of the Association (the "Board") voted to accept the insolvencies of Imperial Casualty and Indemnity Company, which had been declared insolvent by the State of Oklahoma, and Eastern Casualty Insurance Company, which had been declared insolvent by the Commonwealth of Massachusetts. On October 17, 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. The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services[®] ("GFMS[®]"). The Board also continued to monitor existing insolvencies and potential insolvencies.

On October 17, 2010, the member insurers held their Annual Meeting in Chatham, Massachusetts in conjunction with other meetings of the member guaranty associations of Guaranty Fund Management Services[®] ("GFMS[®]") and its committees.

The member insurers 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: Concord General Mutual Insurance Company, Co-operative Insurance Companies and MMG Insurance Company. The Chairman thereupon 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 Chairman then presented the 2009 Annual Report of the Association to the member insurers. The member insurers thereupon voted that the Annual Report be accepted.

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

The annual meeting of the member insurers was thereafter adjourned.

Immediately subsequent thereto, the Board held its Annual Meeting. William Catto, David Tatlock, Paul Gulko, James Winskowicz, and Kathleen Lavin were elected Chair, Vice Chair, Executive Secretary, Claims Manager and Treasurer, respectively, of the Association.

The Executive Secretary informed the Board that the Hartford Fire Insurance Company resigned its seat on the Board of Directors. The remaining Board members voted unanimously to appoint Zurich American Insurance Company to fulfill the remainder of the term to which the Hartford Fire Insurance Company was voted by the member insurers.

The Board reviewed the existing contract with GFMS, and recommended no changes thereto.

The Board considered and adopted a Conflict of Interest Policy.

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

The Board also reviewed the financial condition of the Association 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 that the following assessments and refunds of prior assessments be made:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Ideal Mutual Insurance Co.			\$20,487
Eastern Casualty insurance Co.			\$1,000,000
	\$0	\$0	\$1,020,487
Total Assessment		\$1,020,487	
<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Union Indemnity Insurance Co.		(\$42,171)	
Transit Casualty Insurance Co.		(\$34,695)	
	(\$0)	(\$76,866)	(\$0)
Total Refund		(\$76,866)	
Net Assessment		\$943,621	

The Board also adopted the recommendation of the Treasurer that the following insolvencies be **CLOSED: Ideal Mutual Insurance Company, Union Indemnity Insurance Company and Transit Casualty Insurance Company.**

The member insurers currently serving on the Board and their designated representatives are:

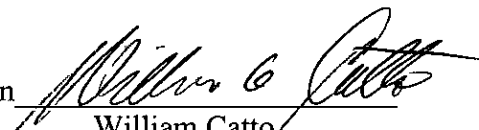
VERMONT MUTUAL INSURANCE COMPANY	William Catto
CO-OPERATIVE INSURANCE COMPANIES	David Tatlock
UNION MUTUAL FIRE INSURANCE COMPANY	Josh Fitzhugh
ZURICH AMERICAN INSURANCE COMPANY	Joyce Hall Mellinger
ONEBEACON AMERICA INSURANCE COMPANY	Virginia McCarthy
GOVERNMENT EMPLOYEES INSURANCE COMPANY	Larry Hinton
CONCORD GENERAL MUTUAL INSURANCE COMPANY	Linda Day
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
MMG INSURANCE COMPANY	Timothy Vernon

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
VERMONT PROPERTY AND
CASUALTY INSURANCE
GUARANTY ASSOCIATION

By its Chairman


William Catto

Vermont Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2010
Total All Insolvencies

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$26,353.00	\$138,562.26
Member Assessment	1,020,503.00	43,897,951.00
Loan	0.00	100,000.00
Recovery	4,726,267.52	23,984,158.96
Interest Income	543,670.62	7,280,085.75
Total Receipts	6,316,794.14	75,400,757.97
DISBURSEMENTS:		
Claims Paid	1,023,143.16	25,925,352.28
Helmsman Claims Paid	31,664.15	2,568,294.14
Claims Expense Paid	50,545.19	3,949,157.68
Helmsman Claims Expense Paid	0.00	249,411.88
Premium Refund	0.00	648,984.91
Member Refund	73,616.00	12,442,766.00
Operating Expenses:		
Service Fee - ISO, Etc.	0.00	32,129.60
G.F.M.S.	84,100.17	2,418,922.70
Legal & Audit	18,609.81	327,224.83
Travel	7,258.38	138,828.78
NCIGF Fee	26,800.00	261,487.64
Insurance	4,323.00	17,461.00
Other	3,447.33	69,685.43
Administrative Expense	26,313.00	134,707.16
Interest	0.00	1,332.64
Loan	0.00	100,000.00
Total Operating Expenses	170,851.69	3,501,779.78
Total Disbursements	1,349,820.19	49,285,746.67
Funds Available	\$4,966,973.95	\$26,115,011.30
Reserves:		
Claims Liability Other		0.00
Claims Expense Liability Other		0.00
Subtotal Other		0.00
Claims Liability Workers		19,988,095.25
Claims Expense Liability Workers		488,546.16
Unearned Premium Liability Workers		0.00
Subtotal Workers		20,476,641.41
Total Reserves		\$20,476,641.41
Funds Available Per Account		
Auto		\$370,672.87
Other		3,371,925.78
Workers		22,239,552.34
Total		\$25,982,150.99

VERMONT PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION

Balance Sheet
December 31, 2010

Inception
To Date

Assets:

Checking & Short-Term Cash

\$3,784,326.84

Investments

22,330,684.46

Total Assets

\$26,115,011.30

Fund Balance

\$26,115,011.30