

MASSACHUSETTS INSURERS INSOLVENCY FUND

*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, 2017

The Honorable Daniel R. Judson
Commissioner of Insurance
Massachusetts Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118-6200

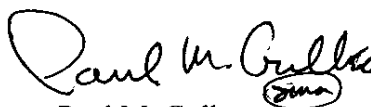
Re: Massachusetts Insurers Insolvency Fund (the "Fund")
Annual Report of the Fund for the Year Ending December 31, 2016

Dear Commissioner Judson:

Pursuant to the Fund Act, enclosed herewith for filing please find duly executed original Annual Report of the Fund for the year ending December 31, 2016.

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

Very truly yours,



Paul M. Gulko
Manager

Enclosure

cc: The Board of Directors of the Fund

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March 1, 2017

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, 2016

During 2016, there was one new insolvency reported to the Fund. On June 1, 2016, the Board of Directors of the Fund (the "Board") met and voted to accept the insolvency of Lumbermen's Underwriting Alliance, which had been declared insolvent and ordered liquidated by the State of Missouri. The Board decided that the administration of this insolvency would be provided by Guaranty Fund Management Services[®] ("GFMS[®]").

On October 19, 2016, the Board held its Annual Meeting in Cape Elizabeth, Maine in conjunction with other meetings of the member insolvency funds of GFMS and its committees. William Cahill, Joanne Locke, Paul Gulko, Dawne Mills and Kathleen Lavin were re-elected Chair, Vice-Chair, Manager, Claims Manager and Treasurer, respectively, of the Fund. The Board discussed and/or voted the following items:

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: MEMIC Indemnity Company, The Premier Insurance Company of Massachusetts and Quincy Mutual Fire Insurance Company. The Chair thereupon directed the Manager to cast one vote for the nominees as directors for a three-year term, expiring in 2019.

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

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 the report of counsel as to various legal matters.

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 determined that neither an assessment nor a refund was warranted at this time.

The member insurers and their designated representatives serving on the Board as of December 31, 2016, are:

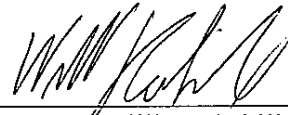
HANOVER INSURANCE COMPANY	William Cahill
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
QUINCY MUTUAL FIRE INSURANCE COMPANY	Lisa M. Schooley
SAFETY INSURANCE COMPANY	William Begley
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
MEMIC INDEMNITY COMPANY	Eileen Fongemie
PREMIER INSURANCE COMPANY OF MASSACHUSETTS	David Sutera
ARBELLA MUTUAL INSURANCE COMPANY	Eileen Currie
INSURANCE PRODUCER REPRESENTATIVE	Thomas F. Skelly, Jr.

The Statement of Account of the Fund, from inception through December 31, 2016, 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 Chair



William Cahill

MASSACHUSETTS INSURERS INSOLVENCY FUND
Balance Sheet
December 31, 2016

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$2,754,874.49
Investments	178,086,794.01
Total Assets	<u>\$180,841,668.50</u>
Fund Balance	<u>\$180,841,668.50</u>

**Massachusetts Insurers Insolvency Fund
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2016
Total All Insolvencies**

	<u>Year To Date</u>	<u>Inception To Date</u>
RECEIPTS:		
Member Assessment Administrative	\$100,769.27	\$496,460.06
Member Assessment	1,115.00	545,330,145.00
Recovery	1,497,624.07	318,630,643.54
Interest Income	1,995,333.11	84,726,630.53
Total Receipts	<u>3,594,841.45</u>	<u>949,183,879.13</u>
DISBURSEMENTS:		
Claims Paid	7,738,209.53	300,002,825.01
Helmsman Claims Paid	1,471,682.87	123,477,940.28
Claims Expense Paid	1,004,186.78	96,042,303.42
Helmsman Claims Expense Paid	6,544.53	7,710,547.46
Premium Refund	-	22,156,849.05
Member Refund	1,115.00	151,770,192.00
Operating Expenses:		
Service Fee - ISO, Etc.	-	949,562.37
G.F.M.S.	2,249,871.12	56,033,347.39
Legal & Audit	302,555.05	7,305,900.35
Travel	4,109.78	172,090.98
NCIGF Fee	112,142.00	1,499,108.23
Insurance	11,400.00	106,949.00
Other	26,127.54	766,474.40
Administrative Expense	-	348,120.69
Total Operating Expenses	<u>2,706,205.49</u>	<u>67,181,553.41</u>
Total Disbursements	<u>12,927,944.20</u>	<u>768,342,210.63</u>
Funds Available	<u>(9,333,102.75)</u>	<u>180,841,668.50</u>
Reserves:		
Claims Liability		176,608,157.50
Claims Expense Liability		4,319,733.39
Total Reserves		<u>\$180,927,890.89</u>

1/19/2017
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