

# NEW HAMPSHIRE INSURANCE GUARANTY ASSOCIATION

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March 3, 2008

To: THE COMMISSIONER OF INSURANCE ("the Commissioner") AND  
THE MEMBER INSURERS OF THE NEW HAMPSHIRE INSURANCE  
GUARANTY ASSOCIATION ("the Association")

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

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

On October 16, 2007, the member insurers of the Association held their Annual Meeting in Norwich, Connecticut, 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, Maine Bonding and Casualty Company and North American Specialty 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 2010.

The Chairman then presented the 2006 Annual Report of the Association to the member insurers. The member insurers thereupon voted that the Annual Report be accepted.

Ms. Lavin, Association Assistant Treasurer, presented the Audited Financial Statements for the year ending December 31, 2006. The member insurers thereupon voted that the Report of the Assistant Treasurer be accepted.

Immediately subsequent thereto, the Board held its Annual Meeting. Messrs. Hartman, Desmond, Gulko and Winskowicz, and Ms. Lavin, were elected Chairman, Vice Chairman, Treasurer, Secretary/Clerk, Claims Manager and Assistant Treasurer, respectively, of the Association.

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

The Board reviewed the existing contract with Guaranty Fund Management Services and decided to make no changes.

Mr. Hartman was re-elected to his position on the Board of Directors of GFMS.

The Board next 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 thereupon voted the following assessments and refunds of prior assessments:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMPENSATION</u>
Reliance Insurance Company			\$ 2,000,000
Legion Insurance Company		\$300,000	600,000
		\$ 300,000	\$ 2,600,000
<b>Total Assessment</b>		<b>\$ 2,900,000</b>	

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMPENSATION</u>
Midland Insurance Company		(\$ 500,000)	(\$ 141,232)
American Mutual Liability Insurance (\$215,512)			(3,000,000)
American Mutual Insurance of Boston		(55,385)	(1,000,000)
Abington Mutual Insurance Co.		(65,050)	
Reliance Insurance Company (750,000)			
Midland Insurance Company		(\$ 2,000,000)	
	<b>(\$ 965,512)</b>	<b>(\$ 2,620,435)</b>	<b>(\$ 4,141,232)</b>
<b>Total Refund</b>		<b>(\$ 7,727,179)</b>	

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 obtain a policy of Directors and Officers liability insurance for members of the Board.

At this point Ms. O'Loughlin addressed the Board on current legislative filings and other matters of common interest.

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

LIBERTY MUTUAL INSURANCE COMPANY	John E. Hartman
PEERLESS INSURANCE COMPANY	Stephen Powell
CONCORD GENERAL MUTUAL INSURANCE COMPANY	Joseph Desmond
PROVIDENCE MUTUAL FIRE INSURANCE COMPANY	Earl F. Cottam, Jr.
MAINE BONDING AND CASUALTY COMPANY	Joyce Hall Mellinger
NATIONAL GRANGE MUTUAL INSURANCE COMPANY	Jack Crawford

CONTINENTAL CASUALTY COMPANY

Elizabeth Wilson

HARTFORD FIRE INSURANCE COMPANY

Cheryl Hetzel

NORTH AMERICAN SPECIALTY INSURANCE  
COMPANY

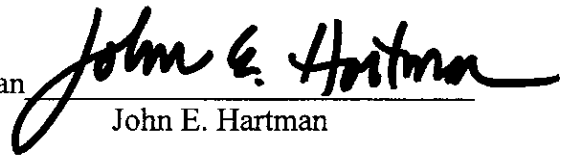
Robert Solitro

The Statement of Account of the Association, 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  
NEW HAMPSHIRE INSURANCE  
GUARANTY ASSOCIATION

By its Chairman



John E. Hartman