

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 25, 2019

The Honorable Gary D. Anderson
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, 2018

Dear Commissioner Anderson:

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, 2018.

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

Very truly yours,



Barbara Petersen Law
Manager

Enclosure

cc: The Board of Directors of the Fund

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March 22, 2019

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, 2018

The Massachusetts Insurers Insolvency Fund (the "Fund") hereby submits its Annual Report for calendar year 2018.

Membership

The membership of the Fund is comprised of insurers licensed to transact business in the Commonwealth that write business to which the Fund's enabling Act applies. See, M.G.L. c. 175D, §1, et seq.

In 2018, the following insurers became members of the Fund:

Intrepid Insurance Company
Amica Property & Casualty Insurance Company
Vermont Accident Insurance Company
Viking Insurance Company of Wisconsin
State Mutual Insurance Company
Concord General Mutual Insurance Company
Emcasco Insurance Company
EMC Property & Casualty Insurance Company
Granite Re Inc.
Sunapee Mutual Fire Insurance Company
Guideone Elite Insurance Company

Board of Directors

Pursuant to its Plan of Operation, the Fund's board of directors consists of eight members elected by the membership to serve three-year terms, and an insurance producer appointed by the Commissioner of Insurance. Directors fairly represent the diverse profiles of member insurers.

At the start of the year, the member insurers (and their designated representatives) serving on the board of directors were as follows:

Hanover Insurance Company (William Cahill, Chair)
Liberty Mutual Insurance Company (Joanne Locke, Vice Chair)
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 three board members whose terms were due to expire in 2018 - Arbella, Metropolitan and Hanover - were re-elected at the annual meeting of the board of directors held on October 27, 2018.

Insolvencies

There were no new insolvencies reported to the Fund.

Board of Director Meetings

On October 27, 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 Manager of the Fund. William Cahill, Joanne Locke, 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 the 2018 assessment capacity, which was \$271,643,276, based on 2% of 2017 net direct written premiums.
- Reviewed the cash position of the Fund, including its operating expenses and covered claim costs. The Board determined that neither an assessment nor a refund was warranted.

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

Claims

As of December 31, 2018, the Fund had 655 open claims, with reserves in the amount of \$155,281,614. The breakdown of claims was as follows:

Auto	19
Other	51
Workers' Compensation	585

Insolvencies with the largest reserves are Eastern Casualty Insurance Company (\$36,600,167), American Motorists Insurance Company (\$25,129,864), and Reliance Insurance Company (\$20,573,853).

The Fund pursues recoveries from high net worth insureds pursuant to M.G.L. c.175D, § (3). In 2018, recoveries from high net worth insureds was \$494,359. In addition, the Fund received \$110,186 in large deductible recoveries.

Recoveries from Receivers

The Fund pursues recoveries from the assets of insolvent insurers, such as statutory deposits and distributions from receivers. In 2018, the Fund recovered \$7,279,754.

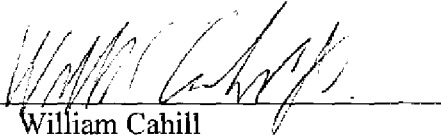
Financial

The statement of account of the Fund, 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
MASSACHUSETTS INSURERS
INSOLVENCY FUND

By its Chair


William Cahill

MASSACHUSETTS INSURERS INSOLVENCY FUND
Balance Sheet
December 31, 2018
Inception
To Date

Assets:

Checking & Short-Term Cash	\$3,894,688.72
Investments	170,147,921.36

Total Assets	\$174,042,610.08
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Fund Balance	\$174,042,610.08
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**Massachusetts Insurers Insolvency Fund
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	\$95,192.62	\$691,745.74
Member Assessment	-	545,330,145.00
Recovery	7,279,754.29	328,382,825.12
Interest Income	2,496,136.84	89,643,406.02
Total Receipts	9,871,083.75	964,048,121.88
DISBURSEMENTS:		
Claims Paid	6,045,409.12	312,144,576.18
Third-Party Administrator Claims Paid	1,219,794.77	126,015,006.86
Claims Expense Paid	733,662.73	97,636,638.46
Third-Party Administrator Claims Expense Paid	4,050.96	7,723,470.48
Premium Refund	-	22,156,849.05
Member Refund	-	151,770,192.00
Operating Expenses:		
Service Fee - ISO, Etc.	-	949,562.37
G.F.M.S.	2,315,160.80	60,763,356.04
Legal & Audit	204,334.54	7,633,997.65
Travel	4,322.35	184,030.52
NCIGF Fee	123,854.00	1,740,966.23
Insurance	11,400.00	129,749.00
Other	21,463.21	808,996.27
Administrative Expense	-	348,120.69
Total Operating Expenses	2,680,534.90	72,558,778.77
Total Disbursements	10,683,452.48	790,005,511.80
Funds Available	(812,368.73)	174,042,610.08
Reserves:		
Claims Liability		151,644,626.24
Claims Expense Liability		3,636,987.98
Total Reserves		\$155,281,614.22

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**Massachusetts Insurers Insolvency Fund
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2018
Consolidated Statement of Closed Insolvencies
Inception
To Date**

RECEIPTS:

Member Assessment Administrative	(\$16,050,768.04)
Member Assessment Recovery	201,514,348.00
Interest Income	94,294,037.89
	17,276,900.09
Total Receipts	297,034,517.94

DISBURSEMENTS:

Claims Paid	103,868,687.45
Claims Expense Paid	45,982,658.54
Premium Refund	14,355,720.22
 Member Refund	 113,120,668.00
 Operating Expenses:	
Service Fee - ISO, Etc.	949,562.37
G.F.M.S.	14,280,400.71
Legal & Audit	3,339,739.01
Travel	68,970.99
NCIGF Fee	377,496.85
Other	363,577.33
Administrative Expense	327,036.47
Total Operating Expenses	19,706,783.73
 Total Disbursements	 297,034,517.94
 Funds Available	 -

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**Massachusetts Insurers Insolvency Fund
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2018**

	Administrative Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	51,408,242.54	\$16,731,280.23
Interest Income	218,232.88	640,430.69
Total Receipts	1,626,475.42	17,371,710.92
DISBURSEMENTS:		
Operating Expenses:		
Other	-	1,000.00
Administrative Expense	-	8,578.00
Total Operating Expenses	-	9,578.00
Total Disbursements	-	9,578.00
Funds Available	1,626,475.42	17,362,132.92
Reserves:		
Total Reserves	-	-

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