

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, 2010

The Honorable Paulette Thabault
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, 2009

Dear Commissioner Thabault:

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, 2009.

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

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*

March 1, 2010

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, 2009

During 2009, 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 25, 2009, the member insurers held their Annual Meeting in Richmond, Virginia 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: Liberty Mutual Insurance Company, Union Mutual Fire Insurance Company and Vermont Mutual 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 2012.

The Chairman then presented the 2008 Annual Report of the Association to the member insurers. The member insurers thereupon voted that the Annual Report be accepted.

Changes to the Plan of Operation, Article 2(A)(1) and (2), designed to bring the Board of Directors configuration in line with the amended statute, were presented to the membership for vote. Ballots were sent to 620 members and 161 ballots were returned. Ballot results, unanimously in favor of the change. As a result, the Chairman acknowledged that Article 2 (A)(1) and (2) has been amended. No other changes to the Plan of Operation were recommended

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 Chairman, Vice Chairman, Executive Secretary, Claims Manager and Treasurer, respectively, of the Association.

The Board reviewed and approved the minutes of the October 26, 2008 meeting.

The Board reviewed the existing contract with GFMS.

The Board was informed of the changes to the Plan of Operation, as voted by the membership, to conform to the change in the Vermont Property and Casualty Insurance Guaranty Association Act.

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

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 the following refunds of prior assessments:

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Ambassador Insurance Company	(\$572,845)	(\$203,508)	
Mission National Insurance Company		(18,204)	
Western Employers Insurance Company			(\$65,792)
	(\$572,845)	(\$221,712)	(\$65,792)
Total Refund		(\$860,349)	

The Board also adopted the recommendation of the Treasurer that the following insolvencies be **CLOSED: Ambassador, Mission National and Western Employers** insolvencies.

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
HARTFORD FIRE INSURANCE COMPANY	Cheryl Hetzel
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

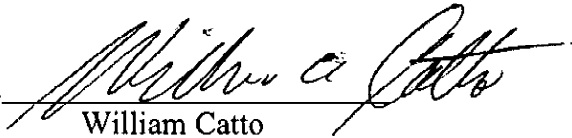
Timothy Vernon

The Statement of Account of the Association, from inception through December 31, 2009, 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 AND CASUALTY INSURANCE GUARANTY ASSOCIATION
Balance Sheet
December 31, 2009

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$4,339,034.73
Investments	<u>16,809,002.62</u>
Total Assets	<u><u>\$21,148,037.35</u></u>
Fund Balance	<u><u>\$21,148,037.35</u></u>

Vermont Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2009
Total All Insolvencies

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$24,830.61	\$112,209.26
Member Assessment	50,071.00	42,877,448.00
Loan	0.00	100,000.00
Recovery	2,598,546.66	19,257,891.44
Interest Income	626,585.80	6,736,415.13
Total Receipts	3,300,034.07	69,083,963.83
DISBURSEMENTS:		
Claims Paid	1,672,415.72	24,902,209.12
Helmsman Claims Paid	30,845.58	2,536,629.99
Claims Expense Paid	90,842.37	3,898,612.49
Helmsman Claims Expense Paid	354.25	249,411.88
Premium Refund	0.00	648,984.91
Member Refund	836,521.00	12,369,150.00
Operating Expenses:		
Service Fee - ISO, Etc.	0.00	32,129.60
G.F.M.S.	98,380.90	2,334,822.53
Legal & Audit	15,459.92	308,615.02
Travel	7,987.82	131,570.40
NCIGF Fee	0.00	234,687.64
Insurance	4,280.00	13,138.00
Other	1,853.96	66,238.10
Administrative Expense	24,760.61	108,394.16
Interest	0.00	1,332.64
Loan	0.00	100,000.00
Total Operating Expenses	152,723.21	3,330,928.09
Total Disbursements	2,783,702.13	47,935,926.48
Funds Available	\$516,331.94	\$21,148,037.35
Reserves:		
Claims Liability Other		347,002.00
Claims Expense Liability Other		73,506.22
Subtotal Other		420,508.22
Claims Liability Workers		20,053,046.40
Claims Expense Liability Workers		427,717.34
Unearned Premium Liability Workers		3,511.00
Subtotal Workers		20,484,274.74
Total Reserves		\$20,904,782.96
Funds Available Per Account		
Auto		\$348,582.11
Other		2,149,064.37
Workers		18,553,805.57
Total		\$21,051,452.05