

CONNECTICUT 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 18, 2013

The Honorable Thomas B. Leonardi
Commissioner of Insurance
Connecticut Insurance Department
P.O. Box 816
Hartford, CT 06142-0816

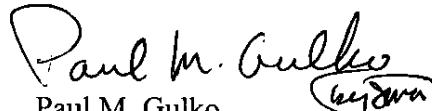
Re: Connecticut Insurance Guaranty Association (the "Association")
Annual Report of the Association for the Year Ending December 31, 2012

Dear Commissioner Leonardi:

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, 2012.

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
Jon Arsenault, Esq.

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March 18, 2013

TO: THE COMMISSIONER OF INSURANCE (the "Commissioner") AND THE
MEMBER INSURERS OF THE CONNECTICUT INSURANCE GUARANTY
ASSOCIATION (the "Association")

RE: The Annual Report of the Association for the Year Ending December 31, 2012

During 2012, there were no insolvencies submitted to the Board of Directors for action. The Board did, however, continue to monitor existing insolvencies and potential insolvencies.

The Board of Directors approved a settlement between the Association and American International Group, Inc. ("AIG") related to the underreporting of worker's compensation premiums by AIG.

On October 21, 2012, the Board held its Annual Meeting in New Castle, New Hampshire, in conjunction with other meetings of the member guaranty associations of GFMS and its committees. Charles Breitstadt, Maura Travers, Paul Gulko, James Winskowicz, and Kathleen Lavin, were elected Chairman, Vice Chair, Executive Secretary, Claims Manager, and Treasurer, respectively, of the Association.

The Board received and considered the report of counsel on matters involving the obligations of the Association to pay a workers compensation claim as the last insurer on the risk and then seek reimbursement from other insurers, and on matters involving the presentation of various clergy abuse claims.

The Board reviewed the process by which assessments are levied upon member insurers. 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 that the following assessments and refunds of prior assessments be made:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Employers Casualty Company	\$0	\$0	\$500,000
Home Insurance Company	\$0	\$0	\$2,000,000
Shelby Insurance Company	\$306,000	\$425,000	
Atlantic Mutual Insurance Co.	\$250,000	\$0	\$500,000
Centennial Insurance Company	\$0	\$600,000	\$1,500,000
	\$556,000	\$1,025,000	\$4,500,000
Total Assessment		\$6,081,000	

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Ideal Mutual		(\$451,428)	
Union Indemnity Insurance Co.		(\$168,389)	
Mission Insurance Co.		(\$163,874)	
LMI Insurance Company		(\$310,564)	
Legion Insurance Co.	(\$1,000,000)	(\$5,000,000)	
Securty Indemnity Company		(\$317,548)	
	(\$1,000,000)	(\$ 6,411,803)	\$ 0
Total Refund		(\$ 7,411,803)	
Net Refund		(\$1,330,803)	

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

Upon recommendation of the Treasurer, the Board further voted that the following insolvencies be **CLOSED**:

Consolidated Mutual Insurance Company
Union Indemnity Insurance Company
Mission Insurance Company
LMI Insurance Company
Security Indemnity Company

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

NATIONWIDE INSURANCE COMPANY	Charles P. Breitstadt
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
MIDDLESEX MUTUAL ASSURANCE COMPANY	Diane Choate
PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT	Fred Taverne
HARTFORD FIRE INSURANCE COMPANY	Steven Pieren
AMICA MUTUAL INSURANCE COMPANY	Robert Suglia
TRAVELERS INDEMNITY COMPANY	Joanne Garvin
EX-OFFICIO: OFFICE OF THE INSURANCE COMMISSIONER	Jon Arsenault

The Statement of Account of the Association, from inception through December 31, 2012, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the
CONNECTICUT INSURANCE
GUARANTY ASSOCIATION

By its Chairman


Charles P. Breitstadt

CONNECTICUT INSURANCE GUARANTY ASSOCIATION

Balance Sheet

December 31, 2012

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$6,099,784.86
Investments	66,743,379.74
Total Assets	<u>\$72,843,164.60</u>
Fund Balance	<u>\$72,843,164.60</u>

**Connecticut Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2012
Total All Insolvencies**

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$17,417.65	\$231,130.67
Member Assessment	15,402,242.00	304,868,573.00
Recovery	8,986,457.50	185,365,279.73
Interest Income	1,920,304.83	55,435,634.59
Total Receipts	26,326,421.98	545,900,617.99
DISBURSEMENTS:		
Claims Paid	6,678,961.21	176,390,835.40
Helmsman Claims Paid	480,275.83	28,737,747.44
Claims Expense Paid	997,340.57	31,013,141.03
Helmsman Claims Expense Paid	681.25	2,591,371.64
Premium Refund	9,306.65	1,073,621.62
Member Refund	7,478,903.00	206,823,861.00
Operating Expenses:		
Service Fee - ISO, Etc.	-	179,595.73
G.F.M.S.	1,549,597.86	22,034,240.14
Legal & Audit	25,392.54	2,592,299.32
Travel	6,410.13	235,298.01
NCIGF Fee	-	802,883.71
Insurance	7,035.00	43,910.00
Other	15,076.43	315,276.05
Administrative Expense	17,417.65	223,372.30
Total Operating Expenses	1,620,929.61	26,426,875.26
Total Disbursements	17,266,398.12	473,057,453.39
Funds Available	\$9,060,023.86	\$72,843,164.60
Reserves:		
Claims Liability Auto		690,298.18
Claims Expense Liability Auto		63,372.58
Unearned Premium Liability Auto		-
Subtotal Auto		753,670.76
Claims Liability Other		1,313,769.82
Claims Expense Liability Other		304,243.86
Subtotal Other		1,618,013.68
Claims Liability Workers		57,898,762.38
Claims Expense Liability Workers		2,054,231.94
Unearned Premium Liability Workers		730.05
Subtotal Workers		59,953,724.37
Total Reserves		\$62,325,408.81
Funds Available Per Account		
Auto		\$1,772,063.98
Other		6,688,359.44
Workers		64,165,201.99
Total		\$72,625,625.41

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**Connecticut Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2012
Administrative**

	<u>Year To Date</u>	<u>Inception To Date</u>
RECEIPTS:		
Member Assessment Administrative	\$17,417.65	\$227,634.51
Recovery	106,895.86	106,895.86
Total Receipts	<u>124,313.51</u>	<u>334,530.37</u>
DISBURSEMENTS:		
Operating Expenses:		
Other	1,000.00	1,000.00
Administrative Expense	-	9,095.32
Total Operating Expenses	<u>1,000.00</u>	<u>10,095.32</u>
Total Disbursements	<u>1,000.00</u>	<u>10,095.32</u>
Funds Available	<u>\$123,313.51</u>	<u>\$324,435.05</u>
Reserves:		
Total Reserves		-
Funds Available Per Account		
Auto		-
Other		-
Workers		106,895.86
Total		<u>\$106,895.86</u>