

# 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, 2018

The Honorable Christina R. Rouleau  
Deputy Commissioner of Insurance  
Vermont Insurance Division  
89 Main Street Drawer 200  
Montpelier, VT 05620-3101

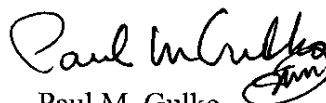
Re: Vermont Property and Casualty Insurance Guaranty Association (the "Association")  
Annual Report of the Association for the Year Ending December 31, 2017

Dear Deputy Commissioner Rouleau:

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, 2017.

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

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March 1, 2018

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, 2017

During 2017, there was one new insolvency submitted to the Board of Directors for action. On April 4, 2017, the Board of Directors of the Association (the "Board") met and voted to accept the insolvency of CastlePoint National Insurance Company, which had been declared insolvent by the State of California. CastlePoint is the successor company formed by merger of the following Tower Group of companies:

Tower Insurance Company of New York  
Tower National Insurance Company  
CastlePoint Florida Insurance Company  
York Insurance Company of Maine  
Massachusetts Homeland Insurance Company  
Hermitage Insurance Company  
North East Insurance Company  
Preserver Insurance Company  
CastlePoint Insurance Company

The Board decided that the administration of this insolvency would be provided by Guaranty Fund Management Services® ("GFMS®").

On October 13, 2017, the member insurers held their Annual Meeting in Alexandria, Virginia in conjunction with other meetings of the member guaranty associations of 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: Government Employees Insurance Company, United States Fire Insurance Company and Zurich American Insurance Company. The Chair thereupon directed the Executive Secretary to cast one vote for the election of the nominees as Directors for a three-year term, expiring in 2020.

The Chair then presented the 2016 Annual Report of the Association to the member insurers. The member insurers thereupon voted that the Annual Report be accepted.

The Plan of Operation was reviewed and the membership concluded that no amendments thereto were recommended at this time.

The annual meeting of the member insurers was thereafter adjourned.

Immediately subsequent thereto, the Board held its Annual Meeting. Brian Eagan, Joanne Locke, Paul Gulko, Dawne Mills, and Kathleen Lavin were elected Chair, Vice Chair, Executive Secretary, Claims Manager and Treasurer, respectively, of the Association. The Board discussed and/or voted the following items:

The Board reviewed the existing contract with GFMS, and recommended no changes thereto.

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

The Board then 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 determined that neither an assessment nor a refund was warranted.

The member insurers serving on the Board as of December 31, 2017 and their designated representatives are:

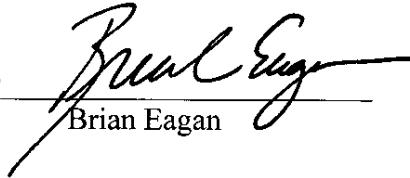
VERMONT MUTUAL INSURANCE COMPANY	Brian Eagan
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
CO-OPERATIVE INSURANCE COMPANIES	Marie Jewett
UNION MUTUAL FIRE INSURANCE COMPANY	Michael Nobles
ZURICH AMERICAN INSURANCE COMPANY	Joyce Hall Mellinger
US FIRE INSURANCE COMPANY	Joseph Torti
GOVERNMENT EMPLOYEES INSURANCE COMPANY	Larry Hinton
CONCORD GENERAL MUTUAL INSURANCE COMPANY	Richard Welch
MMG INSURANCE COMPANY	Timothy Vernon

The Statement of Account of the Association, from inception through December 31, 2017, 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 Chair

  
\_\_\_\_\_  
Brian Egan

**VERMONT P&C INSURANCE GUARANTY ASSOCIATION**  
**Balance Sheet**  
**December 31, 2017**  
**Inception**  
**To Date**

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**Assets:**

<b>Checking &amp; Short-Term Cash</b>	<b>\$398,320.95</b>
<b>Investments</b>	<b>25,782,718.74</b>

<b>Total Assets</b>	<b>\$26,181,039.69</b>
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<b>Fund Balance</b>	<b>\$26,181,039.69</b>
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**Vermont Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2017**  
**Total All Insolvencies**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	(\$111,556.69)	(\$118,469.31)
Member Assessment	-	45,636,897.00
Loan	-	100,000.00
Recovery	2,309,118.62	35,283,458.59
Interest Income	291,971.49	9,482,584.78
<b>Total Receipts</b>	<b>2,489,533.42</b>	<b>90,384,471.06</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	865,344.31	34,688,123.04
Third-Party Administrator Claims Paid	-	2,783,209.98
Claims Expense Paid	69,682.84	4,319,553.30
Third-Party Administrator Claims Expense Paid	-	249,951.05
Premium Refund	-	655,761.73
Member Refund	-	16,769,412.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	32,129.60
G.F.M.S.	127,827.21	3,204,978.83
Legal & Audit	15,378.68	425,107.64
Travel	4,940.17	183,123.41
NCIGF Fee	37,464.33	484,543.31
Insurance	5,500.00	53,143.00
Other	3,298.39	101,147.76
Administrative Expense	-	151,914.08
Interest	-	1,332.64
Loan	-	100,000.00
<b>Total Operating Expenses</b>	<b>194,408.78</b>	<b>4,737,420.27</b>
<b>Total Disbursements</b>	<b>1,129,435.93</b>	<b>64,203,431.37</b>
<b>Funds Available</b>	<b>\$1,360,097.49</b>	<b>\$26,181,039.69</b>
<b>Reserves:</b>		
Claims Liability Workers		15,926,688.57
Claims Expense Liability Workers		422,065.87
<b>Subtotal Workers</b>		<b>16,348,754.44</b>
<b>Total Reserves</b>		<b>\$16,348,754.44</b>
<b>Funds Available Per Account</b>		
Auto		\$66,730.01
Other		134,143.40
Workers		26,135,436.06
<b>Total</b>		<b>\$26,336,309.47</b>

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**Vermont Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2017**  
**Consolidated Statement of Closed Insolvencies**  
**Inception**  
**To Date**

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**RECEIPTS:**

Member Assessment Administrative	(\$5,444,738.57)
Member Assessment	20,324,398.00
Loan	100,000.00
Recovery	13,246,798.67
Interest Income	3,982,504.62
<b>Total Receipts</b>	<b>32,208,962.72</b>

**DISBURSEMENTS:**

Claims Paid	14,576,320.53
Third-Party Administrator Claims Paid	151,393.02
Claims Expense Paid	2,018,661.91
Third-Party Administrator Claims Expense Paid	27,070.01
Premium Refund	415,861.32
<b>Member Refund</b>	<b>13,200,541.00</b>
<b>Operating Expenses:</b>	
Service Fee - ISO, Etc.	32,129.60
G.F.M.S.	1,003,809.28
Legal & Audit	199,178.49
Travel	90,477.03
NCIGF Fee	178,366.34
Other	61,907.47
Administrative Expense	151,914.08
Interest	1,332.64
Loan	100,000.00
<b>Total Operating Expenses</b>	<b>1,819,114.93</b>
<b>Total Disbursements</b>	<b>32,208,962.72</b>

**Funds Available**

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**Vermont Property & Casualty Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2017**

	Administrative Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	(\$110,557.60)	\$4,607,799.95
Recovery	-	47,465.45
Interest Income	50,713.56	95,868.78
<b>Total Receipts</b>	<b>(59,844.04)</b>	<b>4,751,134.18</b>
<b>DISBURSEMENTS:</b>		
<b>Operating Expenses:</b>		
G.F.M.S.	32,509.59	39,365.19
Other	-	1,000.00
<b>Total Operating Expenses</b>	<b>32,509.59</b>	<b>40,365.19</b>
<b>Total Disbursements</b>	<b>32,509.59</b>	<b>40,365.19</b>
<b>Funds Available</b>	<b>(\$92,353.63)</b>	<b>\$4,710,768.99</b>
<b>Reserves:</b>		
Total Reserves		-
<b>Funds Available Per Account</b>		
Auto		\$66,730.01
Other		134,143.40
Workers		4,665,165.36
<b>Total</b>		<b>\$4,866,038.77</b>

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