

RHODE ISLAND INSURERS' INSOLVENCY FUND

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March 3, 2008

To: THE SUPERINTENDENT OF INSURANCE ("the Superintendent")
AND THE MEMBER INSURERS OF THE RHODE ISLAND
INSURERS' INSOLVENCY FUND ("the Fund ")

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

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

On October 15, 2007, the Board held its Annual Meeting in Norwich, Connecticut, in conjunction with other meetings of the member insolvency funds of Guaranty Fund Management Services® ("GFMS®") and its committees. Ms. Travers, Messrs. Cottam, Gulko and Winskowicz, and Ms. Lavin, were elected Chairwoman, Vice Chairman, Executive Secretary, Claims Manager and Treasurer, respectively, of the Fund.

The Board then received and considered the report of the Executive Secretary regarding the ballots transmitted by member insurers with instructions to vote in favor of the following nominees as Directors: Liberty Mutual Insurance Company and Metropolitan Property and Casualty Insurance Company. The Chairman thereupon directed the Executive Secretary to cast one vote for the nominees as directors for a three-year term, expiring in 2010.

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 determined no changes were necessary.

The Board also reviewed the financial condition of the Fund 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 assessment and refund of prior assessments:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMPENSATION</u>
Credit General Insurance Co.			\$ 500,000
Home Insurance Co.			638,147
Legion Insurance Co.	\$ 200,000	\$ 500,000	
Shelby Insurance Co.	800,000	400,000	
	\$ 1,000,000	\$ 900,000	\$1,138,147
Total Assessment		\$ 3,038,147	

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMPENSATION</u>
Union Indemnity Insurance Co.		(\$ 17,051)	
Midland Insurance Co.		(15,053)	
American Druggist Insurance Co.	(\$12,667)	(80,617)	
American Mutual Insurance of Boston	(10,182)		
Rumford Property & Liability	(28,446)		
American Universal Insurance Co.	(48,757)	(19,587)	
Premier Alliance Insurance Co.		(201,004)	
Abington Mutual Insurance Co.		(74,404)	
PHICO Insurance Co.		(1,000,000)	
	(\$ 100,052)	(\$ 1,407,716)	
Total Refund		(\$1,507,768)	
Net Refund		(\$ 1,530,379)	

After discussion, the Board voted to obtain Directors and Officers Liability Insurance Coverage for Board members.

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

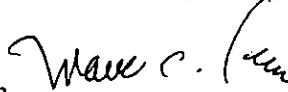
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
FACTORY MUTUAL INSURANCE COMPANY	Jay Swiatek
LIBERTY MUTUAL INSURANCE COMPANY	John E. Hartman
NATIONWIDE MUTUAL INSURANCE COMPANY	Larry Alan
AMICA MUTUAL INSURANCE COMPANY	Robert Suglia
PROVIDENCE MUTUAL FIRE INSURANCE COMPANY	Earl F. Cottam, Jr.
VERMONT MUTUAL INSURANCE COMPANY	William Catto

The Statement of Account of the Fund, 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
RHODE ISLAND INSURERS'
INSOLVENCY FUND

By its Chairwoman



Maura Travers